

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Charter Township of Bloomfield, Michigan	County Oakland
Fiscal Year End March 31, 2007	Opinion Date July 31, 2007	Date Audit Report Submitted to State September 27, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

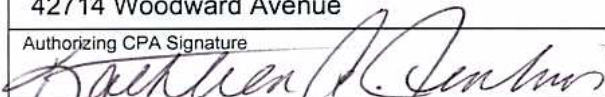
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Jenkins, Magnus, Volk & Carroll, P.C.		Telephone Number 248-858-2400	
Street Address 42714 Woodward Avenue		City Bloomfield Hills	State MI
Zip 48304			
Authorizing CPA Signature 	Printed Name Kathleen A. Jenkins		License Number 14340

**CHARTER TOWNSHIP OF BLOOMFIELD
STATE OF MICHIGAN**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

Year ended March 31, 2007

**CHARTER TOWNSHIP OF BLOOMFIELD
STATE OF MICHIGAN**

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Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Charter Township of Bloomfield, Michigan
State of Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Charter Township of Bloomfield, State of Michigan (the "Township"), as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Bloomfield Township Public Library which represents 100% of the assets and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the component unit, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and with standards prescribed by the Treasurer of the State of Michigan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township, as of March 31, 2007, and the respective changes in financial position and cash flows where applicable thereof, and the budgetary comparison for the general fund, road fund and public safety fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 5-12 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining and individual fund financial statements and schedules and the statistical information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Township. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Jenkins, Magnus, Volk & Carroll, P.C.

Certified Public Accountants

Bloomfield Hills, Michigan
July 31, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the *Charter Township of Bloomfield, Michigan*, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2007.

Financial Highlights

- The assets of the Township exceeded liabilities at the close of the most recent fiscal year by \$94,494,826 (net assets). Total net assets increased by \$4,365,779 as compared to the previous fiscal year. These amounts do not include fiduciary funds.
- The major components of net assets are \$61,052,047 in capital assets net of related debt and \$35,950,732 in cash and investments with the remainder consisting of receivables net of accounts payable and deferred revenues.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$28,398,113, an increase of \$3,563,390 when compared with the previous fiscal year. Of these ending balances, \$25,802,619 is reported as undesignated and available for spending at management's discretion; the remaining \$2,595,494 is restricted, largely in debt service funds.
- At the end of the current fiscal year, undesignated fund balance for the general fund was \$6,757,558, or 70 percent (70%) of total general fund expenditures.
- The Township's total long term debt increased by \$2,534,122 during the current fiscal year. This debt consists of county drain contracts, water and sewer system bonds, library construction bonds and employee's compensated absences.
- Net assets in the water and sewer fund decreased by \$491,643, the result of an operating loss for the fiscal year. Bonded debt increased by \$4,470,000 as a result of new debt that was issued in this fund during the fiscal year.

Overview of the Financial Statements

The Township's audited financial statements consist of three main components: 1) government-wide financial statements, 2) fund level financial statements by category, and 3) notes to the financial statements. The following discussion and analysis is intended to provide an introduction to these basic financial statements as presented in the audit report.

Government-Wide Financial Statements. These statements are designed to provide readers with a broad overview of the Township's finances.

The statement of net assets provides information on all of the Township's assets and liabilities, with the difference between the two reported as fund equity (net assets). Over time, changes in fund equity may serve as an important indicator of whether the financial position of the Township is improving or deteriorating.

The government wide financial statements include all categories of Township government which includes the *Governmental Fund Types, Proprietary Fund Types, Fiduciary Fund Types, Capital Assets and Long Term Debt*. The statement of net assets can be found on page 17 of the accompanying audit report with the statement of activities on pages 18-19.

Fund Financial Statements. A fund is a grouping of related accounts used to account for resources that have been accumulated for a specific activity or purpose. The Township uses fund accounting to demonstrate compliance with finance-related laws as is required of all state and local governments. All Township funds fall into one of three major categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds consist of the Township's main operating funds, which include the general fund, special revenue funds and debt service funds. The general fund is used to account for revenue and expenses for general Township government that would not fall under any other fund category. Revenues collected for a specific purpose and their corresponding expenditures are accounted for in special revenue funds. This category of funds consists of the public safety fund (police, fire and dispatch), the road fund, the senior services fund, the lake improvement fund, the cable TV fund, the safety path fund, the drug law enforcement fund, the building department fund, Bloomfield Village police and fire funds and the improvement and revolving fund. The Township maintains two debt service funds to account for revenue collected for the purpose of retiring various bond issues for county drain projects and a major library renovation.

In all, the Township has sixteen individual governmental funds. Individual balance sheets and statements of revenues and expenditures for each of these funds are presented in this report. These statements allow the reader to gain a much narrower focus on Township financial activity than the government wide statements. Also, these statements make it possible to analyze near term financial decisions made by Township managers.

Proprietary Funds. The Township has one *proprietary fund*, which is the water and sewer fund. The main feature distinguishing a proprietary fund from a governmental fund is the source of revenue. The governmental funds receive their primary funding from taxes and intergovernmental revenues while the proprietary funds recover all or a significant portion of their costs through user fees and charges (business type activities).

Fiduciary Funds. The Township has four *fiduciary funds*. Fiduciary funds are used to account for resources held by the Township for the benefit of parties other than the governmental entity. These funds are not available to be used for Township programs. The majority of the resources in this fund group are set aside to satisfy the pension liability to Township employees.

Statement of Net Assets Financial Analysis

Net assets are one indicator of a government's financial condition either at a given point in time or as compared over a period of time. At the close of the most recent fiscal year, Bloomfield Township's assets exceeded liabilities by \$94,494,826. For the purpose of this analysis, the fiduciary funds and the component unit are not included as these resources are not available to support Township programs.

Table 1
Net Assets
(in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current and other assets	\$55.8	\$52.3	\$9.1	\$8.3	\$64.9	\$60.6
Capital assets	<u>32.3</u>	<u>31.7</u>	<u>42.6</u>	<u>39.9</u>	<u>74.9</u>	<u>71.6</u>
Total assets	<u>88.1</u>	<u>84.0</u>	<u>51.7</u>	<u>48.2</u>	<u>139.8</u>	<u>132.2</u>
Long term liabilities	29.8	31.1	6.5	2.5	36.3	33.6
Other liabilities	<u>6.7</u>	<u>6.2</u>	<u>2.3</u>	<u>2.3</u>	<u>9.0</u>	<u>8.5</u>
Total liabilities	<u>36.5</u>	<u>37.3</u>	<u>8.8</u>	<u>4.8</u>	<u>45.3</u>	<u>42.1</u>
Net assets:						
Invested in capital assets, net of related debt	24.1	22.7	37.0	38.7	61.1	61.4
Restricted	2.6	3.3	5.3	4.7	7.9	8.0
Unrestricted	<u>24.9</u>	<u>20.7</u>	<u>.6</u>	<u>.</u>	<u>25.5</u>	<u>20.7</u>
Total net assets	<u>\$51.6</u>	<u>\$46.7</u>	<u>\$42.9</u>	<u>\$43.4</u>	<u>\$94.5</u>	<u>\$90.1</u>

It is important to note that the largest portions of the Township's net assets reflect investments in capital assets (land, buildings, vehicles, equipment and infrastructure) and not cash or cash investments. At the close of the most recent fiscal year, 65% of the Township's net assets consisted of capital assets with the remainder consisting mostly of cash, cash investments, and accounts receivable less accounts payable and accrued expenses.

A portion of the Township's net assets, \$7,925,615, consists of fund balances or net assets subject to restrictions as to how they may be used. The unrestricted portion of net assets that is available to the Township to meet ongoing obligations within the various funds totaled \$25,517,164 at the close of the most recent fiscal year.

As of the end of the current fiscal year, the Township has positive balances in all fund types and in each of the individual funds within the fund types except the construction fund. The construction fund has incurred startup expenditures but the Township has not sold the bonds yet. This fund will receive approximately \$26,000,000 in proceeds from the sale of bonds in the fall of 2007 for the construction of a new maintenance facility, new senior center, new central fire station and renovation to another fire station.

As mentioned, during the current fiscal year net assets of the Township increased by \$4,365,779. This net increase is reflected by a small decrease in the proprietary fund (water and sewer) and an increase in the governmental fund types. Changes in proprietary fund net assets are analyzed on page 29 of the accompanying audit report.

Table 2
Changes in Net Assets
(in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues						
Program revenues:						
Charges for services	\$3.8	\$3.2	\$13.4	\$13.7	\$17.2	\$16.9
Fines and forfeitures	2.0	2.3	.	.	2.0	2.3
General revenues:						
Property taxes	34.5	34.2	.	.	34.5	34.2
Federal grants	.1	.2	.	.	.1	.2
Other grants	.44	.
State shared revenue	3.3	3.3	.	.	3.3	3.3
Reimbursements	1.4	.	.	.	1.4	.
Other general revenues	<u>2.0</u>	<u>2.3</u>	<u>.</u>	<u>.</u>	<u>2.0</u>	<u>2.3</u>
Total revenues	<u>47.5</u>	<u>45.5</u>	<u>13.4</u>	<u>13.7</u>	<u>60.9</u>	<u>59.2</u>
Program expenses						
General government	10.6	9.4	.	.	10.6	9.4
Public safety	23.6	22.4	.	.	23.6	22.4
Public works	4.1	4.3	.	.	4.1	4.3
Community development	2.9	2.5	.	.	2.9	2.5
Interest on long term debt	1.2	1.2	.	.	1.2	1.2
Other general expenses	.2	.8	.	.	.2	.8
Water & Sewer	<u>.</u>	<u>.</u>	<u>13.9</u>	<u>14.3</u>	<u>13.9</u>	<u>14.3</u>
Total expenses	<u>42.6</u>	<u>40.6</u>	<u>13.9</u>	<u>14.3</u>	<u>56.5</u>	<u>54.9</u>
Excess revenue over (under)						
expenses before transfers	4.9	4.9	(.5)	(.6)	4.4	4.3
Transfers in (out)	<u>.</u>	<u>1.0</u>	<u>.</u>	<u>(1.0)</u>	<u>.</u>	<u>.</u>
Increase (decrease) in net assets	<u>4.9</u>	<u>5.9</u>	<u>(.5)</u>	<u>(1.6)</u>	<u>4.4</u>	<u>4.3</u>
Net assets, beginning	<u>46.7</u>	<u>40.8</u>	<u>43.4</u>	<u>45.0</u>	<u>90.1</u>	<u>85.8</u>
Net assets, ending	<u><u>\$51.6</u></u>	<u><u>\$46.7</u></u>	<u><u>\$42.9</u></u>	<u><u>\$43.4</u></u>	<u><u>\$94.5</u></u>	<u><u>\$90.1</u></u>

Governmental fund type. Net assets increased by \$4,857,422 as a result of activities within these funds. This represents more than 100% of the total increase in the net assets of the Township for the year as the business type activities experienced a decrease in net assets for the fiscal year.

- Property tax revenues increased by about 4.10% after the required rollbacks largely due to inflationary increases in the existing tax base. This represents a very typical increase absent any new voted millage. The increase however continues to be largely offset by the increased cost of pay and benefits.

- The major operating funds in this category did experience a 4.4% increase in revenues collected over the previous year. This represents an increase fairly close to historic average absent a property tax increase. Another decrease in state revenue sharing was more than offset by a significant increase in investment income over the previous fiscal year. While it is not expected that investment income will decrease by a significant amount in the near future, it appears that the large revenue increases experienced in the last two fiscal years will not continue.
- Expenditures increased by 4.93% from the previous fiscal year. This increase is a great deal lower than the previous fiscal year (9.30%) and also significantly less than average for the last five fiscal years (about 7.30%). The main reason for the improvement is the fact that health care costs actually decreased from the prior year for the first time since the late 1990's. Despite this very welcome relief from the recent double-digit increases in health care costs expenditures still increased at a rate greater than the corresponding revenue increase indicating a need to continue to aggressively pursue cost cutting measures. The good news with regard to the net asset increases over the past two years is that they are largely the result of operating surplus in the major governmental funds. This means that much of the increases have flowed into the fund balances of the major governmental operating funds providing a much needed boost to these fund balances.

Fiduciary fund type. Net assets increased in these funds by \$6,960,700, making the total net assets at the end of the current fiscal year \$103,284,911. This increase resulted mostly from an increase in the Township's Retirement System Pension Trust Fund. The Township holds \$2,174,720 in escrow for various purposes other than the pension fund. Factors related to the increase in net assets within this fund type are summarized below.

- Contributions and earnings within the Township's defined benefit pension plan were greater than payments made to retirees from the plan by \$6,776,611.
- The liability for unused paid leave increased by \$43,225 resulting in additional dollars being transferred into trust to fund this liability at \$1,575,506.
- Others monies held in escrow by the Township decreased by \$155,550 to \$599,214.
- The new defined contribution plan assets increased by \$60,413 and a new retiree health care trust fund was established with employer contributions totaling \$123,676.

Proprietary fund type. These business type activities decreased the Township's net assets by \$491,643 as compared to last year. This decrease was offset by an overall increase in the net assets of the Township. Major elements of the decrease are the following:

- Water and sewer fee increases to the customers lagged behind the increased costs charged to the Township combined with lower than average summer water use resulting in an operating loss of \$491,643.

Financial Analysis of Individual Government Fund Types

The funds within this group provide information on near-term inflows, outflows and balances for the Township's main operating funds. The information contained in these funds is useful in determining the financing requirements of the Township, particularly as related to their major revenue source - property taxes. Unreserved fund balance is a very useful measure of a government's net resources available for spending at the end of the fiscal year. However, it is important to remember that these audited financial statements represent a snap shot as of one point in time and the financial picture changes constantly throughout a fiscal year. This is especially significant when analyzing Bloomfield Township's financial data because property taxes are collected very late in the fiscal year (final due date is February 14th), meaning most of the cash and fund balances as of the fiscal year end are made up of this major revenue source. For this reason, a snap shot as of March 31st may be misleading as to the financial strength of this particular group of funds. Certainly small fund balances, although positive, would not necessarily represent a healthy financial position. The current fund balances have been steadily improving and are considered to be adequate; however, they are not considered by management to be optimum.

General Fund. The general fund is a key operating fund of Bloomfield Township. Several major revenue sources flow through the general fund including some property taxes, state revenue sharing funds and interest income on investments. At the end of the current fiscal year, the unreserved fund balance of the general fund was \$6,757,558. The entire general fund balance is unreserved and available for spending at the administration's discretion, including transfers to supplement special revenue funds.

During the current fiscal year, the fund balance of the Township's general fund increased by \$1,883,513. The majority of the increase was the result of investment revenue coming in \$891,000 over what was projected due to a positive turn in interest rates. The Township also gained over \$250,000 from Medicare reimbursements and a health insurance premium refund taken in March. The fund expenditures finished the year at 95% of the budget projection, which provided another \$501,000 to the fund balance increase. These gains were largely from a favorable variance in the district court expenditures and several general government departments operating for some or all of the year at less than their maximum budgeted manpower levels.

This fund is currently in excellent financial shape but does face several challenges going forward. The expenditures in this fund are not as dominated by personnel costs as the public safety fund, yet over 65% of the fund's costs derive from salaries and fringe benefits of staff. This puts the fund under great pressure when health care and pension expenditures increase faster than the inflation rate, which has been the historical trend. In order to help control these costs, all new employees hired in this fund will now participate in a defined contribution pension plan, which should over time reduce the pension cost to the fund. In addition, beginning in 2005, all employee's health care deductibles and co-pays have been increased and for the first time employees are contributing to the cost of their health care premium.

The three main sources of revenue to this fund; property taxes, state revenue sharing and investment income, historically have not increased at a rate greater than the consumer price index over the long term. Consequently, there is no guarantee that the major sources of revenue to this fund will be able to keep pace with future expenditure increases. The fact that fund reserves have increased the past several years has been very welcome. Enthusiasm must be tempered somewhat realizing that these increases were planned for and much needed following several years of depletion prior to approval of the new public safety millage. In addition, most of the factors that contributed to recent gains are not likely to be sustainable over the long haul, such as large interest rate increases providing extraordinary gains in investment income. The fund also currently needs to provide more support to the road fund and may in the near future have to once again provide aid to the public safety fund.

Road Fund. The road fund is the third of the three major governmental operating funds. At the end of the current fiscal year, unreserved fund balance of the road fund was \$1,888,465. This represents an increase of \$126,501 when compared to the prior fiscal year. Presently the fund balance is sufficient to allow operating expenses to be met without any significant cash shortage in the fund; however, fund revenues have consistently fallen short of expenditures in recent fiscal years unless contracted maintenance work was cut back or eliminated. In past years, the general fund has supplemented the road fund in order to maintain a high level of service. In fiscal 2006-07, this supplement amounted to \$300,000. If this support is no longer possible, services will have to decrease or other revenue sources will have to be obtained. It does appear for at least the next couple of years that the general fund will be able to continue to support road fund operations. Currently, the major revenue sources of the fund are property taxes (\$2,680,000), the general fund transfer (\$300,000) and Oakland County Road Commission contract repayments (\$561,235). The limitations on how much these revenues may increase from year to year are making it difficult for the fund to keep up with the expenditure increases for employee benefits and necessary road maintenance. To help control these costs, road department employees have agreed to the same health care and pension changes as the general fund employees. The option to reduce funding for road maintenance projects is a temporary band-aid that becomes less and less viable as time passes and road conditions deteriorate. The combination of road conditions and dependence upon general fund support make this the most vulnerable of the three major operating funds, however, it is by far the smallest of the three and as of this fiscal year end the fund is in sound financial condition.

Public Safety Fund. This special revenue fund is by far the largest within the governmental fund type category. At the end of the current fiscal year, the unreserved fund balance of the public safety fund was \$9,891,136. This represents an increase of \$1,540,482 over the previous year. The major reason for the operating surplus was the approval of a new property tax millage in November of 2002. The new property tax revenue provided much needed relief to the fund as it was experiencing significant operating deficits prior to the approval. The new millage also relieved the burden on the General Fund to subsidize the deficits and pay for public safety dispatch and the cost of health insurance for retired public safety employees and their dependents. These expenses have increased over those years to where they are presently approximately \$2,648,000 annually and are now appropriately charged to the public safety fund. The fund balance increase is particularly good news this year as it breaks the trend of consistently declining surplus levels for the three fiscal years following the property tax increase. A major contributing factor to the increased surplus was a significant decrease in health care expense for the first time this decade. The required premium payment for health insurance did not increase over last year and claims experience was very favorable prompting management to opt for a refund for the final month's payment. The result was a favorable insurance expense variance of \$209,186 and reimbursement revenue of \$425,883 for a total gain to the fund of \$635,069 over what was budgeted. In addition, salary and wage expenditures in the fund experienced an unusually high favorable budget variance of \$653,578. This occurred largely because the police, fire and dispatch divisions all operated below maximum manpower levels for most or all of the fiscal year.

The long term historical trend for this fund has been for expenditures to increase at a greater rate than fund revenue that eventually lead to operating deficits. In order to offset these deficits management asked for and received from the residents significant property tax rate increases in 1994 and 2002. If these historical trends cannot be stopped or reversed, the fund would return to operating deficits in the near future. This scenario is unacceptable as another property tax increase request would likely be extremely unpopular and therefore quite risky given current economic circumstance in southeast Michigan. Management is taking action in an attempt to stop or reverse this trend. With over 85% of this fund's expenses related to salary and benefit costs of personnel, any action must be targeted at controlling the increase in these expenses. Presently the Township spends over \$5,000,000 on life and health insurance for active and retired police and fire department personnel. The fund spends an additional \$2,873,000 for pension benefits. The Township has made proposals to the police and fire unions to reduce and share the cost of health care and to switch from a defined benefit to a defined contribution pension plan. The police and dispatch agreements signed this year have incorporated these changes, at this time the fire contract is scheduled to go to arbitration in October 2007.

With the legal restrictions on a local government's ability to increase property tax revenues in the state of Michigan it is very difficult for this or any fund that relies almost exclusively on property tax revenue to absorb expenditure increases greater than the consumer price index for an extended period of time. Consequently, even though the present financial position of the public safety fund is sound, management must find ways to permanently reduce the rate at which employee related costs increase. If employee costs cannot be contained on a long term basis the level of police and fire services in the near future may have to be reduced or the residents of the Township will have to vote again to increase their property tax rate.

Drain Fund. This fund accounts for all principal and interest payments made on the Township portion of Oakland County Debt obligations for Chapter 20 drains within the Township. As with the Library Debt Retirement Fund the Township is authorized to levy whatever tax rate is necessary to pay the annual principal and interest payments on all debt obligations within the fund. Principal and interest payments totaling \$1,199,582 were made during the fiscal year with a year-end fund balance of \$427,654. At the end of the fiscal year the remaining unpaid debt totaled \$8,189,939 on the six separate drain contracts accounted for within the fund.

Library Debt Retirement Fund. This fund was established in 2004 to account for the bonded debt taken on by the Bloomfield Township Public Library to pay for a major addition and renovations to their building. The original bond sale was for \$22,875,000 with the final payment due on May 1, 2024. The bonds are backed by the full faith and credit of Bloomfield Township and the Township is authorized to levy whatever tax rate is necessary to make the annual principal and interest payments. After making the \$600,000 principal installment this year the remaining

unpaid debt at March 31, 2007 was \$21,850,000. The fund had a year-end fund balance of \$1,962,428 with approximately \$1,512,700 in principal and interest payments due prior to the next tax levy.

Other Government Funds. The remaining government funds are special revenue funds, a debt service fund, and a capital projects fund (construction fund), which are much smaller in scope than the three major funds. These funds derive their revenue from special assessments, user fees or unique, specifically designated sources such as cable franchise fees or drug forfeiture cash. All these funds must spend within the means of their revenue sources. The funds are in good to excellent financial condition as of the end of the current fiscal year.

Proprietary Funds. The Township's proprietary fund is the water and sewer fund. The main source of revenue to this fund results from user fees to customers on water purchases and sewage treatment charges. These revenues are used to cover the administrative expenses related to providing these services as well as costs to repair and maintain the water and sewer system. There is also some allowance made in the rates to provide resources for future capital improvements and major repair and maintenance of infrastructure.

Unrestricted net assets of the water and sewer fund amounted to \$621,184 at the end of the current fiscal year. The fund had a decrease in all net assets for the fiscal year of \$491,643. The components of this decrease were detailed earlier in this analysis (operating loss). The fund is currently in a very sound financial condition and management has aggressively taken the steps necessary to eliminate the operating loss and fund future infrastructure maintenance and improvements.

In 2002, a reliability study was conducted to assess the Township's water supply system. In summary, the study modeled the water system during peak hour demand and fire flow conditions. The study found some areas deficient in maintaining the necessary pressures required to comply with Safe Drinking Water Act (SDWA) criteria for providing sufficient water pressure. The recommended system improvements have been prioritized to include the replacement of smaller sized (6 inches or less) underground piping as needed in the areas where the system was constructed prior to SDWA. In addition, most of the larger transmission water piping within the Township is over 40 years old. As with any aging infrastructure, water supply piping becomes less reliable to provide adequate flows due to long term wear on the internal pipe lining and operational valve components.

The Township's sanitary sewer system has been designated as in non-compliance as per a 1989 Pollution Abatement Order from the Michigan Department of Environmental Quality (MDEQ) for exceeding the Township's allocated capacity contribution to the Evergreen-Farmington Sewage Disposal System's (EFSDS) sanitary sewer overflows. The MDEQ is requiring the Township to find and eliminate sources of inflow and infiltration by way of sewer metering, video inspection and pipe rehabilitation. The Township is well into this process and the successful elimination of such sources will potentially reduce the Township's contribution to the EFSDS regional sanitary sewage retention basin.

The water supply infrastructure concerns mentioned above have been prioritized and broken into a four phase capital improvement program designed to replace about \$20,000,000 of water main. The process to sell bonds for Phase 1 began early in fiscal 2005-06. The bonds amounting to \$4,470,000 were sold in May 2006. Routine correction of the sewer infiltration/inflow is being funded with a \$.25 increase to the sewer bill rate. Dollars generated via this rate increase will be used for several sewer rehabilitation projects. This fund also has restricted replacement and improvement cash set aside for these types of projects.

Capital Assets. The Township's investment in capital assets for its governmental and business type activities as of March 31, 2007, amounted to \$74,858,807 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements to properties other than buildings, machinery and equipment, infrastructure and Township share of county sewers. The total increase in investment in capital assets for the current fiscal year was about 4.52 percent (a 1.72 percent increase for governmental activities and a 6.75 percent increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- Fire Department vehicles and equipment purchases at a cost of \$170,315
- Improvements to water and sewer infrastructure costing \$4,046,337
- Safety Path (sidewalk) construction at a cost of \$1,904,605
- Police Vehicles and equipment costing \$308,566
- Road Department vehicles at a cost of \$132,227

Additional detail regarding capital assets can be found in section five of the notes to financial statements of this report.

Long Term Debt. At the end of the current fiscal year, the Township had total debt outstanding of \$37,839,437, which consists of \$30,947,090 within the governmental activity funds and \$6,892,347 within the business-type activity fund. The majority of the governmental debt consists of bonded debt (\$21,850,000) to pay for the library addition and renovation. The library debt is being paid for with an annual property tax levy approved by the Township residents in 2004. The remaining debt within the governmental funds reflects the Township's share of county debt for various storm sewer projects. The bonded debt in the business type activity fund consists of the Township share of county debt obligations for various sanitary sewer construction projects within the Township. The sanitary sewer debt payments are made using funds collected from sanitary sewer customers on their quarterly bills. The remaining long term debt reported consists of \$907,151 for employee compensated absences. The Township's total long term debt increased with the addition of \$4,470,000 in new bonded debt for phase one of the Water System Capital Improvement Program. The Township's long term debt decreased by \$1,969,064, as the result of making the annual required debt payments.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The Township currently has no debt obligations that would be applied against this limitation.

The Township requested voter approval of a general obligation debt for the purpose of constructing a new maintenance garage, central fire station, senior center, and to make renovations to other fire stations. The projected cost of these improvements was \$26,000,000. The voters approved the proposal in August 2006 and the bonds should be sold sometime in fiscal 2007-08. As a result, much of the Township's major capital asset needs should be taken care of well into the future.

Transfers of Funds. During the current fiscal year, the Township transferred \$300,000 from the general fund to the road fund to assist that fund in meeting its financial obligations. The Township also transferred \$350,000 from the general fund to the improvement and revolving fund to assist that fund in paying for several community projects. These projects included the beautification of road medians, storm drain maintenance, gypsy moth spraying and mosquito control. The CSO debt fund was closed during this fiscal year and the remaining \$54,855 cash balance was transferred to the drain at large fund where most of the remaining debt obligation was transferred.

Summary. The Township experienced a satisfactory fiscal year financially in 2006-07 with all three major operating funds experiencing an increase in their equity positions. Management must continue to be proactive in managing several areas to avoid a reversal of fortune, particularly the following:

- State shared revenue payments continue to decrease annually. This is a concern as this has historically been our second highest source of revenue behind property taxes.
- Investment income revenue has increased significantly recently; this has created a large revenue increase that cannot be expected to continue.
- Health insurance premiums have over the long term been increasing at a rate significantly above our property tax revenue increase limitations.
- The employees' defined benefit pension plan is a very expensive fringe benefit. The cost continues to rise both over the long and short term at a rate much greater than the increase in revenue. This is despite aggressive efforts in recent years to lower the cost of this benefit.

- Must take steps to ensure that operating expenditures do not increase at a rate greater than operating revenues as over 75% of Township operating revenue is derived from property taxes that can only be increased with voter approval presenting significant risk.

In response to these circumstances, the Township has taken several measures in an attempt to maintain a solid financial position into the future. Several of these measures are listed below:

- The most significant change in recent years still was the voter approval of a new 2.5 mill property tax for public safety. This allowed property tax revenue in the public safety fund to increase by over \$8,000,000 per year beginning in 2003 and enabled the Township to maintain police, fire and EMS services at previous levels.
- The Township continues to closely monitor and diversify as much as possible the investment portfolio in the pension fund to improve long term investment return projections.
- The Township has negotiated to have a defined contribution pension plan replace the defined benefit plan for all new hires (excluding at this time the fire union employees). This will allow our pension expense in the future to be fixed and predictable as well as making the cost increases much more likely to fall within the same parameters as our revenue increases.
- The Township continues to closely monitor the health insurance plan. New retirees continue to increase the number of covered employees on our plan as well as the average age of our participants. That has combined with health care cost trends that have been significantly above the CPI to more than double our health claims experience in just five years (2000-2005). Health Plan changes have been negotiated that increase the deductibles and co pays for most employees. Also, for the first time, most active employees are paying apportion of their health insurance premium.
- Improved cash availability from the new millage, along with increasing interest rate returns on investments, has greatly reversed the trend of decreasing investment income experienced over the past several years.

The Township's present financial condition in both the governmental and the business-type funds is very good and has improved over the previous year. The expectation is that this situation will continue, at least for the short term. The major factors contributing to the recent improvement in the Township financial position, high investment income and steady health claims increases for the past two years are most likely temporary and not sustainable over the long term. Our most pressing financial concern remains the long term rate of increase in employee benefit costs that have consistently caused major operating fund expenditures to increase at a pace greater than revenues. Management has implemented several changes discussed in this narrative that have begun to show some short term promise in addressing this concern. The long term results are still very uncertain, particularly with regard to health care costs. It is very important that management continue to be proactive in addressing this very large expenditure and we are committed to take on this challenge going forward.

Requests for Information

Questions concerning any of the information contained in this report or requests for additional financial information should be addressed to the Bloomfield Township Finance Director, 4200 Telegraph Road, Bloomfield Hills, MI 48302.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATEMENT OF NET ASSETS March 31, 2007

	Primary Government			Component Unit
	Governmental	Business-Type	Total	Library
	Activities	Activities		
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 9,847,808	\$ 6,493,480	\$ 16,341,288	\$ 8,358,882
Investments	19,609,444	-	19,609,444	8,547,020
Receivables	25,890,438	2,585,538	28,475,976	1,393
Other	-	-	-	674,992
Internal balances	66,000	(66,000)	-	-
Prepaid items	319,423	-	319,423	-
Inventory	128,320	55,108	183,428	-
TOTAL CURRENT ASSETS	55,861,433	9,068,126	64,929,559	17,582,287
NONCURRENT ASSETS				
CAPITAL ASSETS				
Nondepreciable assets				
Land	828,648	-	828,648	131,015
Other	-	-	-	16,571,847
Depreciable assets				
Land improvements	11,374,443	-	11,374,443	-
Building	18,551,468	-	18,551,468	5,483,520
Machinery, furniture and equipment	17,048,650	1,321,029	18,369,679	2,582,617
Library books & audiovisual materials	-	-	-	3,286,606
Investment in system	12,697,399	67,535,927	80,233,326	-
Less accumulated depreciation	(28,227,418)	(26,271,339)	(54,498,757)	(4,896,768)
TOTAL CAPITAL ASSETS	32,273,190	42,585,617	74,858,807	23,158,837
OTHER ASSETS				
Bond discount	-	36,830	36,830	-
Bond issue costs	-	38,593	38,593	-
TOTAL OTHER ASSETS	-	75,423	75,423	-
TOTAL NONCURRENT ASSETS	32,273,190	42,661,040	74,934,230	23,158,837
TOTAL ASSETS	88,134,623	51,729,166	139,863,789	40,741,124
LIABILITIES				
Accounts payable and accrued expenses	5,570,622	1,812,381	7,383,003	2,259,545
Unearned revenue	36,153	110,370	146,523	-
Due to primary government	-	-	-	436,405
Amounts due within one year	1,114,874	420,816	1,535,690	150,436
TOTAL CURRENT LIABILITIES	6,721,649	2,343,567	9,065,216	2,846,386
NONCURRENT LIABILITIES				
Amounts due in more than one year	29,832,216	6,471,531	36,303,747	321,533
TOTAL NONCURRENT LIABILITIES	29,832,216	6,471,531	36,303,747	321,533
TOTAL LIABILITIES	36,553,865	8,815,098	45,368,963	3,167,919
NET ASSETS				
Invested in capital assets net of related debt	24,089,284	36,962,763	61,052,047	23,158,837
Restricted for:				
Capital projects	-	4,474,714	4,474,714	-
Debt service	2,390,082	855,407	3,245,489	-
Public safety	205,412	-	205,412	-
Construction	-	-	-	7,348,779
Gifts	-	-	-	184,409
Unrestricted assets	24,895,980	621,184	25,517,164	6,881,180
TOTAL NET ASSETS	\$ 51,580,758	\$ 42,914,068	\$ 94,494,826	\$ 37,573,205

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATEMENT OF ACTIVITIES

Year Ended March 31, 2007

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenue Charges for Services</u>	<u>Net (Expense) Revenue</u>
PRIMARY GOVERNMENT			
Governmental activities:			
General government	\$ 10,578,480	\$ 3,801,173	\$ (6,777,307)
Public safety	23,583,949	2,007,843	(21,576,106)
Public works	4,128,689	-	(4,128,689)
Community enrichment and development	2,873,187	-	(2,873,187)
Miscellaneous	202,493	-	(202,493)
Interest on long-term debt	1,208,134	-	(1,208,134)
TOTAL GOVERNMENTAL ACTIVITIES	42,574,932	5,809,016	(36,765,916)
Business-type activities:			
Water & Sewer	13,862,098	13,296,522	(565,576)
TOTAL PRIMARY GOVERNMENT	<u>\$ 56,437,030</u>	<u>\$ 19,105,538</u>	<u>\$ (37,331,492)</u>
COMPONENT UNIT			
Library	<u>\$ 4,918,683</u>	<u>\$ 2,505</u>	<u>\$ (4,916,178)</u>

continued...

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATEMENT OF ACTIVITIES (CONCLUDED)

Year Ended March 31, 2007

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Library
CHANGES IN NET ASSETS				
Net (expense) revenue	\$ (36,765,916)	\$ (565,576)	\$ (37,331,492)	\$ (4,916,178)
General revenues:				
Property taxes	34,486,225	-	34,486,225	5,453,767
Circulation revenue	-	-	-	90,293
Federal grants	112,899	-	112,899	-
Other grants	393,729	-	393,729	-
State shared revenue	3,297,849	-	3,297,849	32,669
Reimbursements	1,405,558	-	1,405,558	-
Miscellaneous	431,795	11,528	443,323	116,376
Unrestricted investment earnings	1,495,283	62,405	1,557,688	953,806
TOTAL GENERAL REVENUES	<u>41,623,338</u>	<u>73,933</u>	<u>41,697,271</u>	<u>6,646,911</u>
CHANGE IN NET ASSETS	<u>4,857,422</u>	<u>(491,643)</u>	<u>4,365,779</u>	<u>1,730,733</u>
NET ASSETS, beginning of year	<u>46,723,336</u>	<u>43,405,711</u>	<u>90,129,047</u>	<u>35,842,472</u>
NET ASSETS, end of year	<u>\$ 51,580,758</u>	<u>\$ 42,914,068</u>	<u>\$ 94,494,826</u>	<u>\$ 37,573,205</u>

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

BALANCE SHEET GOVERNMENTAL FUNDS March 31, 2007

	General	Road	Public Safety	Drain	Library Debt Retirement	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 5,929,628	\$ 1,926,406	\$ 11,646,200	\$ 424,753	\$ 1,958,133	\$ 7,572,132	\$ 29,457,252
Receivables (net)							
Delinquent taxes	553,874	180,254	1,741,718	-	-	-	2,475,846
Interfund construction advances	100,000	-	-	-	-	(34,000)	66,000
Local school systems	-	-	131,274	-	-	-	131,274
Component unit	436,405	-	-	-	-	-	436,405
Special assessment districts	-	-	-	-	21,850,000	-	21,850,000
Other	587,422	117,197	-	2,901	4,295	281,933	993,748
Prepaid items	176,731	-	-	-	-	136,658	313,389
Inventories	33,047	95,273	-	-	-	-	128,320
TOTAL ASSETS	\$ 7,817,107	\$ 2,319,130	\$ 13,519,192	\$ 427,654	\$ 23,812,428	\$ 7,956,723	\$ 55,852,234
LIABILITIES							
Payables and accrued expenses	\$ 1,059,549	\$ 430,665	\$ 3,618,346	\$ -	\$ -	\$ 462,061	\$ 5,570,621
Deferred revenue	-	-	-	-	21,850,000	33,500	21,883,500
TOTAL LIABILITIES	1,059,549	430,665	3,618,346	-	21,850,000	495,561	27,454,121
FUND BALANCES							
Undesignated reported in:							
General fund	6,757,558	-	-	-	-	-	6,757,558
Special revenue funds	-	1,888,465	9,891,136	-	-	7,369,781	19,149,382
Capital projects fund	-	-	-	-	-	(104,321)	(104,321)
Designated reported in:							
Special revenue funds	-	-	9,710	-	-	195,702	205,412
Reserved for debt service	-	-	-	427,654	1,962,428	-	2,390,082
TOTAL FUND BALANCES	6,757,558	1,888,465	9,900,846	427,654	1,962,428	7,461,162	28,398,113
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,817,107	\$ 2,319,130	\$ 13,519,192	\$ 427,654	\$ 23,812,428	\$ 7,956,723	\$ 55,852,234

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS March 31, 2007

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 28,398,113
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Amounts reported for governmental activities in the statement of net assets are different because:

Adjustments required to convert balances to full accrual basis from modified accrual basis.

Add: deferred special assessment revenue	21,883,500
Add: prepaid interest and fiscal charges	6,033
Add: service receivable	3,165
Deduct: deferred revenue	(36,153)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Add: capital assets	60,500,608
Deduct: accumulated depreciation	(28,227,418)

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Deduct: contracts and loans payable	(30,039,939)
Deduct: compensated absences	(907,151)

NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 51,580,758</u>
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The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS Year Ended March 31, 2007

	General	Road	Public Safety	Drain	Library Debt Retirement	Other Governmental Funds	Total Governmental Funds
REVENUE							
Taxes and assessments	\$ 3,764,289	\$ 2,681,581	\$ 23,287,495	\$ 674,728	\$ 1,161,491	\$ 3,483,142	\$ 35,052,726
Federal grants	-	-	112,899	-	-	-	112,899
Other grants	-	-	-	-	-	427,229	427,229
State shared revenues	3,297,849	-	-	-	-	-	3,297,849
Charges for services	553,120	28,256	159,123	-	-	9,847	750,346
Licenses, permits and fees	31,671	34,982	17,131	-	-	1,860,388	1,944,172
Investment	1,491,133	-	-	-	-	4,150	1,495,283
Fines and forfeitures	1,935,061	-	-	-	-	72,782	2,007,843
Rent	711,551	-	-	-	-	-	711,551
Fees	-	-	-	-	-	431,257	431,257
Reimbursements	374,678	572,459	425,883	-	-	32,538	1,405,558
Miscellaneous	48,411	21,452	62,884	-	58,725	240,323	431,795
TOTAL REVENUE	12,207,763	3,338,730	24,065,415	674,728	1,220,216	6,561,656	48,068,508
EXPENDITURES							
Operating							
Legislative	7,700	-	-	-	-	-	7,700
Judicial	1,871,550	-	-	-	-	-	1,871,550
General government	6,328,351	-	-	-	-	1,268,465	7,596,816
Public works	-	3,366,644	-	-	-	47,732	3,414,376
Public safety	420,803	-	22,039,494	-	-	446,292	22,906,589
Community enrichment and development	406,748	-	-	-	-	2,404,802	2,811,550
Other	121,781	-	-	-	310	2,719	124,810
Capital outlay	517,317	145,585	492,486	-	-	1,990,263	3,145,651
Debt service							
Principal retirement	-	-	-	811,908	600,000	-	1,411,908
Interest and fiscal charges	-	-	-	387,674	826,494	-	1,214,168
TOTAL EXPENDITURES	9,674,250	3,512,229	22,531,980	1,199,582	1,426,804	6,160,273	44,505,118
REVENUES OVER (UNDER) EXPENDITURES	2,533,513	(173,499)	1,533,435	(524,854)	(206,588)	401,383	3,563,390
OTHER FINANCING SOURCES (USES)							
Transfers in	-	300,000	-	54,855	-	350,000	704,855
Transfers out	(650,000)	-	-	-	-	(54,855)	(704,855)
TOTAL OTHER FINANCING SOURCES (USES)	(650,000)	300,000	-	54,855	-	295,145	-
NET CHANGE IN FUND BALANCES	1,883,513	126,501	1,533,435	(469,999)	(206,588)	696,528	3,563,390
FUND BALANCES, beginning of year	4,874,045	1,761,964	8,367,411	897,653	2,169,016	6,764,634	24,834,723
FUND BALANCES, end of year	\$ 6,757,558	\$ 1,888,465	\$ 9,900,846	\$ 427,654	\$ 1,962,428	\$ 7,461,162	\$ 28,398,113

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

Year Ended March 31, 2007

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS **\$ 3,563,390**

Amounts reported for governmental activities in the statement of activities are different because:

Adjustments required to convert balances to full accrual basis from modified accrual basis.

Deduct: deposits and accrued expenses	(36,898)
Deduct: deferred revenue	(600,000)
Add: prepaid interest and fiscal charges	6,033

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add: capital outlay	3,145,651	
Add: transfers of capital assets	51,649	
Net capital outlay		3,197,300
 Deduct: depreciation expense		 (2,554,979)
 Deduct: disposals	 (44,497)	
Deduct: transfers of capital assets	(51,649)	
Net disposals		(96,146)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the statement of net assets.

Add: principal payments on long term liabilities, net of forgiveness	1,411,908
Deduct: increase in the accrual for compensated absences	(33,186)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ 4,857,422**

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET & ACTUAL GENERAL FUND Year Ended March 31, 2007

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
REVENUE				
Taxes and assessments	\$ 3,707,000	\$ 3,707,000	\$ 3,764,289	\$ 57,289
State shared revenues	3,400,000	3,400,000	3,297,849	(102,151)
Charges for services	474,000	474,000	553,120	79,120
Licenses, permits and fees	11,500	11,500	31,671	20,171
Investment	600,000	600,000	1,491,133	891,133
Fines and forfeitures	1,818,500	1,818,500	1,935,061	116,561
Rent	710,200	710,200	711,551	1,351
Reimbursements	-	-	374,678	374,678
Miscellaneous	45,000	45,000	48,411	3,411
TOTAL REVENUE	10,766,200	10,766,200	12,207,763	1,441,563
EXPENDITURES				
Operating				
Legislative	10,000	10,000	7,700	(2,300)
Judicial	2,110,000	2,110,000	1,871,550	(238,450)
General government	6,913,950	6,913,950	6,328,351	(585,599)
Public safety	160,000	160,000	420,803	260,803
Community enrichment and development	436,350	436,350	406,748	(29,602)
Other	145,300	145,300	121,781	(23,519)
Capital outlay	400,000	400,000	517,317	117,317
TOTAL EXPENDITURES	10,175,600	10,175,600	9,674,250	(501,350)
REVENUES OVER (UNDER) EXPENDITURES	590,600	590,600	2,533,513	1,942,913
OTHER FINANCING SOURCES (USES)				
Transfers out	(650,000)	(650,000)	(650,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(650,000)	(650,000)	(650,000)	-
NET CHANGE IN FUND BALANCES	(59,400)	(59,400)	1,883,513	1,942,913
FUND BALANCES, beginning of year	4,874,045	4,874,045	4,874,045	-
FUND BALANCES, end of year	\$ 4,814,645	\$ 4,814,645	\$ 6,757,558	\$ 1,942,913

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET & ACTUAL ROAD FUND Year Ended March 31, 2007

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
REVENUE				
Taxes	\$ 2,645,000	\$ 2,645,000	\$ 2,681,581	\$ 36,581
Street lighting income	35,000	35,000	34,982	(18)
Road commission repayments	572,400	572,400	572,459	59
Sale of assets	20,000	20,000	17,540	(2,460)
Charges for services	30,000	30,000	28,256	(1,744)
Other revenues	10,000	10,000	3,912	(6,088)
TOTAL REVENUE	3,312,400	3,312,400	3,338,730	26,330
EXPENDITURES				
Salaries and wages	1,200,000	1,200,000	1,172,211	(27,789)
Payroll taxes	91,800	91,800	91,107	(693)
Life and health insurance	350,000	350,000	322,262	(27,738)
Retirement plan	260,000	260,000	300,010	40,010
Retiree health care	110,000	110,000	108,699	(1,301)
Matching funds-road improvements	30,000	30,000	80,806	50,806
Street lighting/traffic signals	95,000	95,000	95,322	322
Workers compensation insurance	37,500	37,500	40,357	2,857
Sick pay accrual	20,000	20,000	14,781	(5,219)
Other employee fringe benefits	2,000	2,000	1,449	(551)
Office supplies	3,000	3,000	4,079	1,079
Operating supplies	23,500	23,500	22,615	(885)
Professional services	272,000	272,000	266,448	(5,552)
Communications	6,000	6,000	8,036	2,036
Transportation	309,500	309,500	342,631	33,131
Insurance and bonds	65,000	65,000	54,873	(10,127)
Repairs and maintenance supplies	401,500	401,500	401,067	(433)
Training expenses	4,000	4,000	3,753	(247)
Legal & advertising	1,000	1,000	448	(552)
Contracted repairs and maintenance	80,000	80,000	34,359	(45,641)
Miscellaneous	9,000	9,000	1,331	(7,669)
Capital outlay	235,000	235,000	145,585	(89,415)
TOTAL EXPENDITURES	3,605,800	3,605,800	3,512,229	(93,571)
REVENUES OVER (UNDER) EXPENDITURES	(293,400)	(293,400)	(173,499)	119,901
OTHER FINANCING SOURCES (USES)				
Transfers in	300,000	300,000	300,000	-
TOTAL OTHER FINANCING SOURCES (USES)	300,000	300,000	300,000	-
NET CHANGE IN FUND BALANCES	6,600	6,600	126,501	119,901
FUND BALANCES, beginning of year	1,761,964	1,761,964	1,761,964	-
FUND BALANCES, end of year	\$ 1,768,564	\$ 1,768,564	\$ 1,888,465	\$ 119,901

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET & ACTUAL PUBLIC SAFETY FUND Year Ended March 31, 2007

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
REVENUE				
Taxes	\$ 23,100,000	\$ 23,100,000	\$ 23,287,495	\$ 187,495
Liquor license rebates	20,000	20,000	17,131	(2,869)
Charges for services	196,000	196,000	159,123	(36,877)
Sale of assets	50,000	50,000	28,165	(21,835)
Federal grants	40,000	40,000	112,899	72,899
Reimbursements	-	-	425,883	425,883
Other revenues	40,000	40,000	34,719	(5,281)
TOTAL REVENUE	23,446,000	23,446,000	24,065,415	619,415
EXPENDITURES				
Salaries and wages	11,743,422	11,743,422	11,089,844	(653,578)
Payroll taxes	898,260	898,260	870,505	(27,755)
Life and health insurance	5,536,000	5,536,000	5,326,814	(209,186)
Retirement plan	2,580,000	2,580,000	2,873,486	293,486
Workers compensation insurance	291,500	291,500	281,016	(10,484)
Sick pay accrual	230,000	230,000	101,827	(128,173)
Other employee fringe benefits	13,400	13,400	12,819	(581)
Office supplies	26,700	26,700	30,770	4,070
Operating supplies	196,850	196,850	166,940	(29,910)
Professional services	202,695	202,695	300,910	98,215
Communications	46,800	46,800	40,309	(6,491)
Transportation	419,870	419,870	324,333	(95,537)
Insurance and bonds	310,000	310,000	292,496	(17,504)
Repair and maintenance	142,565	142,565	165,566	23,001
Training expenses	76,230	76,230	82,553	6,323
Public utilities	58,240	58,240	61,163	2,923
EMS supplies	22,000	22,000	-	(22,000)
Miscellaneous	56,000	56,000	18,143	(37,857)
Capital outlay	616,245	616,245	492,486	(123,759)
TOTAL EXPENDITURES	23,466,777	23,466,777	22,531,980	(934,797)
NET CHANGE IN FUND BALANCES	(20,777)	(20,777)	1,533,435	1,554,212
FUND BALANCES, beginning of year	8,367,411	8,367,411	8,367,411	-
FUND BALANCES, end of year	\$ 8,346,634	\$ 8,346,634	\$ 9,900,846	\$ 1,554,212

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATEMENT OF NET ASSETS PROPRIETARY FUND March 31, 2007

	<u>Water & Sewer</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	
Unrestricted	\$ 1,163,179
Restricted	5,330,301
Receivables	
Oakland County	61,979
Customers	2,493,733
Other	29,826
Inventories	55,108
TOTAL CURRENT ASSETS	<u>9,134,126</u>
CAPITAL ASSETS	
Machinery and equipment	1,321,029
Investment in system	67,535,927
	<u>68,856,956</u>
Less accumulated depreciation	26,271,339
NET CAPITAL ASSETS	<u>42,585,617</u>
OTHER ASSETS	
Bond discount	36,830
Bond issue costs	38,593
TOTAL OTHER ASSETS	<u>75,423</u>
TOTAL ASSETS	<u>51,795,166</u>
LIABILITIES	
CURRENT LIABILITIES	
Payables and accrued expenses	1,812,381
Liens and unit charges	110,370
Due to Improvement and Revolving Fund	66,000
Current portion of long term debt	420,816
TOTAL CURRENT LIABILITIES	<u>2,409,567</u>
NONCURRENT LIABILITIES	
Long term debt due in more than one year	6,471,531
TOTAL LIABILITIES	<u>8,881,098</u>
NET ASSETS	
Invested in capital assets, net of related debt	36,962,763
Restricted	5,330,121
Unrestricted	621,184
TOTAL NET ASSETS	<u>\$ 42,914,068</u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS PROPRIETARY FUND Year Ended March 31, 2007

	<u>Water & Sewer</u>
OPERATING REVENUES	
Water sales	\$ 7,136,002
Sewer usage	5,138,056
Debt service charges	343,927
Privilege fees	240,800
Tap sales	35,570
Meter material and service sales	101,161
Late payment penalties	149,934
Capital charges	<u>24,700</u>
TOTAL OPERATING REVENUES	13,170,150
DIRECT COSTS	
Water purchased	5,494,647
Treatment charges	3,990,135
Tap costs	39,695
Meter, materials and service costs	<u>61,737</u>
TOTAL DIRECT COSTS	9,586,214
OPERATING AND ADMINISTRATIVE EXPENSES	<u>4,120,804</u>
OPERATING LOSS	(536,868)
NONOPERATING REVENUES (EXPENSES)	
Interest	62,405
Miscellaneous	11,528
Interest	(153,402)
Deferred charges	<u>(1,678)</u>
TOTAL NONOPERATING REVENUES	<u>(81,147)</u>
LOSS BEFORE CONTRIBUTIONS	(618,015)
CONTRIBUTIONS FROM DEVELOPERS	<u>126,372</u>
CHANGE IN NET ASSETS	(491,643)
NET ASSETS, beginning of year	<u>43,405,711</u>
NET ASSETS, end of year	<u><u>\$ 42,914,068</u></u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATEMENT OF CASH FLOWS PROPRIETARY FUND Year Ended March 31, 2007

	<u>Water & Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 12,357,957
Receipts for miscellaneous	552,165
Payments to employees and suppliers	<u>(12,153,635)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	756,487
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Advances to County	(1,602,608)
Receipts from County	<u>2,294,277</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	691,669
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
General obligation contracts with County	
Principal payments	(557,156)
Interest and fiscal charges	(151,801)
New borrowings	4,470,000
Bond costs	(78,702)
Proceeds from sale of capital assets	14,870
Purchase of capital assets	<u>(3,983,652)</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(286,441)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	62,405
Miscellaneous	<u>11,528</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>73,933</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,235,648
CASH AND CASH EQUIVALENTS, beginning of year	<u>5,257,832</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 6,493,480</u></u>
STATEMENT OF NET ASSETS CLASSIFICATION OF CASH	
Unrestricted	\$ 1,163,179
Restricted	<u>5,330,301</u>
TOTALS	<u><u>\$ 6,493,480</u></u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATEMENT OF CASH FLOWS (CONCLUDED)

PROPRIETARY FUND

Year Ended March 31, 2007

	<u>Water & Sewer</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (536,868)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	1,407,299
Gain on sale of assets	(3,962)
(Increase) decrease in:	
Receivables from customers	(204,099)
Receivables from miscellaneous	(15,459)
Inventories	16,082
Increase (decrease) in:	
Accounts payable and accrued expenses	133,963
Due to Improvement & Revolving Fund	(33,500)
Deferred revenue	<u>(6,970)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 756,486</u></u>
NONCASH CAPITAL FINANCING ACTIVITIES	
Capital assets of \$126,372 were acquired through contributions from developers.	

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATEMENT OF NET ASSETS FIDUCIARY FUNDS

	Total Other Employee Benefit Trust Funds	Retirement System Pension Trust	Agency Fund
	March 31, 2007	December 31, 2006	March 31, 2007
ASSETS			
Cash	\$ 123,676	\$ -	\$ 2,174,720
Investments			
Mutual funds	66,474	-	-
Insurance company guaranteed investment mutual fund	-	78,808,965	-
Insurance company stock mutual funds	-	24,285,796	-
TOTAL ASSETS	190,150	103,094,761	2,174,720
LIABILITIES			
Employees' compensated absences	-	-	1,575,506
Accounts payable and withholdings	-	-	14,476
Deposits and other liabilities			
Escrow deposits	-	-	227,717
Developer deposits	-	-	244,926
Other	-	-	112,095
TOTAL LIABILITIES	-	-	2,174,720
NET ASSETS			
Held in trust for pension benefits	190,150	103,094,761	-
TOTAL NET ASSETS	<u>\$ 190,150</u>	<u>\$ 103,094,761</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS RETIREMENT PLANS

	Total Other Employee Benefit Trust Funds	Retirement System Pension Trust
	March 31, 2007	December 31, 2006
ADDITIONS		
Interest income	\$ -	\$ 4,733,853
Dividend income	2,103	1,615,569
Contributions	58,359	4,334,430
Increase (decrease) in fair value	(49)	2,060,267
TOTAL ADDITIONS	60,413	12,744,119
DEDUCTIONS		
Distributions	-	5,879,258
Administrative fees	-	88,250
TOTAL DEDUCTIONS	-	5,967,508
OTHER FINANCING SOURCES		
Transfers in	123,676	-
TOTAL OTHER FINANCING SOURCES	123,676	-
CHANGE IN NET ASSETS	184,089	6,776,611
NET ASSETS, beginning of year	6,061	96,318,150
NET ASSETS, end of year	\$ 190,150	\$ 103,094,761

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Charter Township of Bloomfield (the "Township") are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township.

A. Financial Reporting Entity

1. Description of Reporting Entity

The Charter Township of Bloomfield, County of Oakland, State of Michigan was organized in 1827 as a common law township and was known as Bloomfield Township until September 13, 1993. On September 13, 1993, the Township's Board of Trustees incorporated the Township and it is now known as the Charter Township of Bloomfield, Michigan.

The Township covers an area of approximately 25 square miles. Operations are governed by an elected board of seven trustees, including a full time supervisor, clerk and treasurer. The Township's government provides law enforcement, public safety, fire protection, justice administration, water and sewer and community development services to approximately 44,500 residents.

In accordance with GAAP and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present the Township (the primary government) and its component unit, an entity for which the Township is considered to be financially accountable. The Component unit discussed below is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township.

2. Discretely Presented Component Unit – Bloomfield Township Public Library

The Bloomfield Township Public Library (the "Library") was organized in 1963. The Library operates under an autonomous library board and provides library services to the residents of the Township. The Library Board is required to report to the Township Board of Trustees regarding the expenditures of funds and other information about Library operations. The Library may not issue debt or levy a tax without the approval of the Township's Board of Trustees. If approval is granted, the Library taxes are levied under the taxing authority of the Township, as approved by the Township's electors, and would be included as part of the Township's total tax levy as well as reported in a Library revenue fund. Financial statements of the Library may be obtained from the Township's Clerk's office.

3. Bloomfield Village Association

Bloomfield Village Association (the "Association") (presented as "Bloomfield Village" in the financial statements) is a subdivision association located within the Township. Residents who live within the Association's boundaries have consented to be a special assessment district within the Township. The special assessment is to provide extra police and fire services to the residents of the Association over and above the Township's general public safety services. This assessment activity is shown as special revenue funds of the Township. This is not a component unit of the Township.

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental* activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component* units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

To be in compliance with any newly adopted pronouncements from GAAP or the Governmental Accounting Standards Board (GASB) future periods may require reclassifications and prior period adjustments.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The government reports the following major governmental funds:

General

The *General fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Road

The *Road fund* is a special revenue fund which provides street improvement and maintenance services to the Township's residents.

Public Safety

The *Public Safety fund* is a special revenue fund to account for a tax levy for the purpose of providing police and fire protection services to the Township residents.

Drain at Large

The *Drain at Large fund* is a debt service fund used to collect funds for retirement of debt related to construction, repair, and maintenance of drains.

Library Debt Retirement

The *Library Debt Retirement fund* is a debt service fund used to collect funds for retirement of debt related to library construction bonds.

The government reports the following major proprietary funds:

Water and Sewer

The *Water and Sewer fund* accounts for the activities of the government's water distribution, sewage disposal and related treatment systems.

Additionally, the government reports the following other fund types:

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes not including major capital projects.

The *debt service fund* is used to account for the accumulation of resources for and the payment of principal and interest on long term general obligation debt of governmental funds not being financed by proprietary funds.

The *construction fund* is a capital projects fund used to account for the construction of major capital facilities and improvements.

The *retirement system pension trust* is used to account for pension assets reserved for future pension obligations.

The *retiree health care fund* is used to account for assets reserved for future health care costs of retirees.

The *defined contribution plan* is used to account for future retirement benefits for eligible employees.

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The agency *funds* account for assets held for other governments in an agency capacity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise fund are charges to customers for sales and services. The enterprise fund also recognizes as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Fund Equity

1. Cash, Cash Equivalents and Investments

- a. For purposes of the statement of cash flows, demand deposits and short-term investments with an original maturity of three months or less are considered to be cash equivalents. In addition, the statement of cash flows includes both restricted and unrestricted cash and cash equivalents.
- b. Investments are stated at fair value based on quoted market prices.

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

1. Cash, Cash Equivalents and Investments (Continued)

- c. Investment income from cash and cash equivalents is assigned to the water and sewer fund based on the average amount invested by this fund during the year. The remainder of the investment income is assigned to the general fund. Income is recorded when received which is not materially different from the modified accrual basis.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

3. Inventory

Inventory is recorded at the lower of cost or market, with cost determined on a first-in, first-out basis. Market is based on the lower of replacement cost or realizable value. Inventory, which consists of materials and supplies, are recorded as expenditures (in the governmental fund types) and expenses (in the proprietary fund type) when used.

4. Prepaid Items

Prepaid items are costs incurred during the current fiscal year for which benefit will be received in a future fiscal year and are recorded in both the government-wide and fund financial statements.

5. Restricted Assets

In the Special Revenue, Debt Service and Water and Sewer Funds certain resources set aside for the repayment of bonds are classified as restricted assets on the balance sheet or statement of net assets because their use is limited by applicable bond covenants. Also, certain resources of the Water and Sewer Fund have been set aside to fund capital asset replacements.

6. Capital Assets

Capital assets of all funds and the component unit are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Capital assets, which include property, plant equipment and infrastructure assets (e.g., sidewalks and drains) are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the lives are not capitalized.

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

6. Capital Assets (Continued)

Interest costs are incurred by the proprietary fund when debt proceeds are used to finance the construction of assets. It is the Township's policy that such costs be expensed rather than capitalized as part of the cost of the assets constructed.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	15
Buildings	40
Vehicles	3-20
Machinery & Equipment	10
Infrastructure & Water and Sewer System Improvements	15-50

7. Long term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long term debt and other non-current obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Compensated Absences and Sick Pay Funding

Full-time permanent employees are granted vacation and sick pay benefits in varying amounts up to specified maximums depending on tenure and/or department with the Township. Township employees have the option of accumulating earned and unused sick and vacation pay. There are certain limits on the amount of sick and vacation pay which can be accumulated; these limits vary and depend on tenure and/or department. Employees are entitled to their accrued vacation leave and, in certain circumstances, a portion of their sick pay upon termination. Employees are entitled to a portion of their sick pay balance upon retirement.

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

8. Compensated Absences and Sick Pay Funding (Continued)

Each year, cash is transferred to the Sick Pay Agency Fund for accumulated sick pay at the end of the fiscal year. The sick pay liability is reported as a compensating balance to the cash restricted in the fund for payment of sick pay benefits.

As of March 31, 2007, accrued payroll taxes on sick pay, and accrued vacation pay were not funded. Consequently, these unfunded amounts are shown as a liability for employees compensated absences and are included in long term liabilities on the government-wide financial statements.

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. A fund balance deficit of \$104,321 exists in the construction fund resulting from start-up operations prior to the sale of the bonds. It is expected the bonds will be sold during the March 31, 2008 fiscal year.

10. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

11. Reclassifications

Certain amounts in the Library's (Component Unit) financial statements have been reclassified in order to conform to the presentation of the Township's (Reporting Entity) financial statements.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end. The Board of Trustees holds budget hearings in November and a final budget must be adopted prior to April 1. The budget document presents information by fund, function, department and line items. The budgets for which budgets are required are adopted on a fund basis.

Encumbrance accounting is not employed in governmental funds. If encumbrance accounting was employed, encumbrances (e.g., purchase orders, contracts) outstanding at year end would be reported as reservations of fund balances and would not constitute expenditures or liabilities because the goods or services had not been received as of year end; the commitments would be reappropriated and honored during the subsequent year.

Instead, amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

III. CASH, CASH EQUIVALENTS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated six banks for the deposit of Township funds. The investment policy adopted by the board has authorized investment in the certificates of deposit of local banks, bonds, securities and other direct obligations of the United States, certain fixed income securities, and United States Treasury bills but not the remainder of the State statutory authority as listed above.

The Township's retirement system investments are held in trust by the investment fiduciary, Prudential Financial. Michigan Compiled Laws, Section 38.1132, authorizes the Township's retirement system to invest in a wide variety of investments including stocks, bonds, certificates of deposit, real estate, annuity contract obligations of a specified nature, and real or personal property. Specific limitations apply to the various investment types depending on the size of the system. However, all of the Township's retirement system investments are in an insurance mutual fund or in insurance company separate accounts, which do not have maturity dates and credit ratings.

At year-end, the Local Unit's deposits and investments other than the retirement system investments, were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>	<u>Component Unit</u>
Cash & Cash Equivalents	\$ 9,847,808	\$6,493,480	\$2,174,720	\$18,516,008	\$ 8,358,882
Investments	<u>19,609,444</u>	<u>-</u>	<u>-</u>	<u>19,609,444</u>	<u>8,547,020</u>
Total	<u>\$29,457,252</u>	<u>\$6,493,480</u>	<u>\$2,174,720</u>	<u>\$38,125,452</u>	<u>\$16,905,902</u>

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. The bank balance of the primary government's deposits is \$18,414,472 of which \$100,000 is covered by federal depository insurance and the remainder of \$18,314,472 is uninsured and uncollateralized. The primary government also has \$15,300,000 in non negotiable certificates of deposit recorded as investments, of which \$400,000 is covered by federal depository insurance, and the remainder of \$14,900,000 is uninsured and uncollateralized. The component unit had bank deposits (certificates of deposit, checking and savings accounts) of \$6,713,234 that was uninsured and uncollateralized.

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

III. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Credit Risk

State law limits investments in commercial paper to the two highest classifications rated by the two standard rating agencies. Furthermore, the Township's investment policy states that investments in fixed income securities must be AAA rated by Standard & Poor's, have maturities of five years or less, be readily marketable issues, and have significant trading volume within a continuous market and are within the parameters of MCL 41.77 and MCL 129.91. The following is an illustration, with the level of investment displayed as a percentage of total investments exposed to credit risk.

Credit Quality Distribution of Securities With Credit Exposure as a Percentage of Total Investments

Primary Government Investment

Fixed income mutual funds	AAA	100%
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Component Unit Investment

Money market	A-1	34%
U.S. agency securities	AAA	66%

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. As a means of limiting its exposure to fair value losses arising from interest rates, the Township's investment policy restricts investment maturities of fixed income securities to five years or less. At year end, the Township had the following investments and maturities.

Investment Maturities (in Years)

<u>Primary Government Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 – 5</u>
U.S. Treasuries	\$ 974,823	\$ 974,823	\$ -
Fixed income mutual funds*	3,334,621	1,602	3,333,019

* Determined based on the average weighted duration of the mutual fund

Component Unit Investment Type

Money market	\$ 1,966,637	\$ 1,966,637
U.S. agency securities	5,298,170	5,298,170
U.S. treasury securities	1,375,979	1,375,979

CHARTER TOWNSHIP OF BLOOMFIELD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
March 31, 2007

III. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Unrealized gain on investments is summarized as follows:

Primary Government	<u>Original Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
U.S. Treasuries	\$ 974,823	\$ 974,823	\$ -
Fixed income mutual funds	3,426,805	3,334,621	(92,184)
			<u>\$ (92,184)</u>
Component Unit			
U.S. Government Securities	\$8,466,211	\$8,640,786	<u>\$ 174,575</u>
	<u>Primary Government</u>	<u>Component Unit</u>	
Unrealized gain (loss) on investments beginning of year	\$ (108,126)	\$ 16,203	
Unrealized gain (loss) on investments end of year	<u>(92,184)</u>	<u>174,575</u>	
Current year change in market value	15,942	158,372	
Other investment earnings	<u>1,479,341</u>	<u>795,434</u>	
	<u>\$1,495,283</u>	<u>\$ 953,806</u>	

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

IV. RECEIVABLES

Receivables as of year-end for the government's individual major, non-major and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Road</u>	<u>Public Safety</u>	<u>Drain</u>	<u>Library Debt Retirement</u>	<u>Water & Sewer</u>	<u>Non-Major & Other</u>	<u>Total</u>
Taxes Receivable	\$553,874	\$ 180,254	\$ 1,741,718	\$ -	\$ -	\$ -	\$ -	\$ 2,475,846
Accounts Receivable	587,422	117,197	131,274	2,901	4,295	2,493,733	281,933	3,618,755
Special Assessments	-	-	-	-	21,850,000	-	-	21,850,000
Intergovernmental	536,405	-	-	-	-	(66,000)	(34,000)	436,405
Interest & Other								
Gross Receivables	-	-	-	-	-	91,805	3,165	94,970
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Receivables	<u>\$ 1,677,701</u>	<u>\$ 297,451</u>	<u>\$ 1,872,992</u>	<u>\$ 2,901</u>	<u>\$21,854,295</u>	<u>\$ 2,519,538</u>	<u>\$ 251,098</u>	<u>\$28,475,976</u>

Government funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Accounts Receivable	<u>-</u>	<u>\$ 146,523</u>
Total	<u>-</u>	<u>\$ 146,523</u>

CHARTER TOWNSHIP OF BLOOMFIELD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
March 31, 2007

V. CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets not being Depreciated				
Land	\$ 828,648	-	-	\$ 828,648
Subtotal	<u>828,648</u>	<u>-</u>	<u>-</u>	<u>828,648</u>
Capital Assets Being Depreciated				
Buildings	18,369,265	182,203	-	18,551,468
Improvements Other Than Buildings	9,469,838	1,904,605	-	11,374,443
Machinery and Equipment	16,367,088	1,110,492	(428,930)	17,048,650
Infrastructure	12,697,399	-	-	12,697,399
Subtotal	56,903,590	3,197,300	(428,930)	59,671,960
Less Accumulated Depreciation for				
Buildings	7,062,931	464,716	-	7,527,647
Improvements Other Than Buildings	3,312,912	706,078	-	4,018,990
Machinery and Equipment	10,575,747	1,130,238	(332,785)	11,373,200
Infrastructure	5,053,634	253,947	-	5,307,581
Subtotal	<u>26,005,224</u>	<u>2,554,979</u>	<u>(332,785)</u>	<u>28,227,418</u>
Net Capital Assets Being Depreciated	<u>30,898,366</u>	<u>642,321</u>	<u>(96,145)</u>	<u>31,444,542</u>
Governmental Activities Total				
Capital Assets – Net of Depreciation	<u>\$31,727,014</u>	<u>\$ 642,321</u>	<u>\$ (96,145)</u>	<u>\$32,273,190</u>
Business-Type Activities				
Capital Assets Being Depreciated				
Improvements to systems	\$35,309,553	\$ 4,046,337	\$ -	\$39,355,890
Machinery and Equipment	1,337,336	63,687	(79,994)	1,321,029
Township Share of County Sewers	28,180,037	-	-	28,180,037
Subtotal	64,826,926	4,110,024	(79,994)	68,856,956
Less Accumulated Depreciation for				
Improvements to systems	13,706,943	706,191		14,413,134
Machinery and Equipment	679,376	137,507	(69,085)	747,798
Township Share of County Sewers	10,546,806	563,601	-	11,110,407
Subtotal	<u>24,933,125</u>	<u>1,407,299</u>	<u>(69,085)</u>	<u>26,271,339</u>
Net Capital Assets Being Depreciated	<u>39,893,801</u>	<u>2,702,725</u>	<u>(10,909)</u>	<u>42,585,617</u>
Business-type Activities Total				
Capital Assets – Net of Depreciation	<u>\$39,893,801</u>	<u>\$ 2,702,725</u>	<u>\$ (10,909)</u>	<u>\$42,585,617</u>

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) March 31, 2007

V. CAPITAL ASSETS (Continued)

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
General Government	\$ 875,617
Public Safety	677,360
Public Works	941,110
Community Enrichment and Development	<u>60,892</u>
Total Governmental Activities	<u>\$ 2,554,979</u>
Business-Type Activities	
Water & Sewer	<u>\$ 1,407,299</u>

Capital asset activity of the Component Unit was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 131,015	\$ -	\$ -	\$ 131,015
Construction in process	<u>5,333,158</u>	<u>11,238,689</u>	<u>-</u>	<u>16,571,847</u>
Subtotal	5,464,173	11,238,689	-	16,702,862
Capital assets being depreciated:				
Building	5,483,520	-	-	5,483,520
Furniture and equipment	2,244,736	484,836	(146,955)	2,582,617
Library books and audiovisual materials	<u>3,079,953</u>	<u>469,376</u>	<u>(262,723)</u>	<u>3,286,606</u>
Subtotal	10,808,209	954,212	(409,678)	11,352,743
Less accumulated depreciation	<u>(4,541,307)</u>	<u>(765,139)</u>	<u>409,678</u>	<u>(4,896,768)</u>
Net capital assets being depreciated	<u>6,266,902</u>	<u>189,073</u>	<u>-</u>	<u>6,455,975</u>
Net capital assets	<u>\$ 11,731,075</u>	<u>\$11,427,762</u>	<u>\$ -</u>	<u>\$23,158,837</u>

Capital assets, including library books, are recorded at cost. Depreciation expense was \$765,139 for the year ended March 31, 2007.

The Library is in the construction phase of its "Library Improvements Project" as of March 31, 2007. This project includes a complete renovation of the existing facility and a major addition. The project, which is expected to go through 2008, is being funded with proceeds from bonds issued by Bloomfield Township totaling \$22,875,000. The Township has levied .4900 mills to pay the debt service related to these bonds.

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

VI. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The Township reports interfund balances between many of its funds. The sum of all balances presented in the tables below agrees with the sum of interfund balances presented in the statements of net assets/balance sheet for governmental funds and proprietary funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

	<u>Receivable</u>	<u>Payable</u>
Due from/to other funds:		
General Fund	\$ 536,405	\$ -
Non-major Governmental Funds	66,000	100,000
Water and Sewer Fund	-	66,000
Intergovernmental	<u>-</u>	<u>436,405</u>
	<u>\$ 602,405</u>	<u>\$ 602,405</u>
	<u>Transfers In</u>	<u>Transfers Out</u>
Interfund transfers		
General Fund	\$ -	\$ 650,000
Road Fund	300,000	-
Drain Fund	54,855	-
Non-major Governmental Funds	<u>350,000</u>	<u>54,855</u>
	<u>\$ 704,855</u>	<u>\$ 704,855</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) March 31, 2007

VII. LONG TERM DEBT

The government issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Bond and contractual obligation activity can be summarized as follows:

	<u>Interest Rate</u>	<u>Principal Matures</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities							
County Drain Contracts	2-7%	2025	\$ 9,001,847	\$ -	\$ (811,908)	\$ 8,189,939	\$ 414,874
Library Construction bond	2-5%	2025	22,450,000	-	(600,000)	21,850,000	700,000
Employees compensated absences	-	N/A	<u>873,965</u>	<u>33,186</u>	<u>-</u>	<u>907,151</u>	<u>-</u>
Total Governmental Activities			<u>\$32,325,812</u>	<u>\$ 33,186</u>	<u>\$ (1,411,908)</u>	<u>\$30,947,090</u>	<u>\$ 1,114,874</u>
Business-Type Activities							
County water & contracts	2-7%	2026	<u>2,979,503</u>	<u>4,470,000</u>	<u>(557,156)</u>	<u>6,892,347</u>	<u>420,816</u>
Total Business-Type Activities			<u>\$ 2,979,503</u>	<u>\$ 4,470,000</u>	<u>\$ (557,156)</u>	<u>\$ 6,892,347</u>	<u>\$ 420,816</u>

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) March 31, 2007

VII. LONG TERM DEBT (Continued)

Annual debt service requirements to maturity for the above obligations are as follows:

Year End March 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2008	\$1,114,874	\$ 1,066,128	\$ 420,816	\$ 359,666
2009	1,454,906	1,089,581	467,570	250,382
2010	1,528,829	1,043,744	365,120	234,490
2011	1,649,535	992,392	329,314	221,027
2012	1,715,863	935,157	369,366	208,050
2013 – 2017	9,632,325	3,640,606	1,840,161	809,805
2018 – 2022	7,627,243	1,907,880	1,400,000	503,816
2023 – 2027	<u>5,316,364</u>	<u>355,407</u>	<u>1,700,000</u>	<u>191,500</u>
	<u>\$30,039,939</u>	<u>\$11,030,895</u>	<u>\$ 6,892,347</u>	<u>\$ 2,778,736</u>

VIII. COMMITMENTS

A. Franchise Agreement

The Township has entered into an agreement with Comcast under which it granted that company a non-exclusive franchise to provide cable television services in the Township. This agreement, which expires October 14, 2014, provides that the cable provider pay an annual franchise fee of 5% of gross annual revenues to the Township. Total franchise fees recognized under this agreement during the current year were \$609,672.

B. Lessor Agreements

The General Fund rents the use of the Courthouse under a lease expiring October 31, 2016, to the State of Michigan 48th Judicial District Court. Rent income for the year was \$511,216.

The General Fund leases land for mobile telecommunications broadcast towers under five separate agreements. Two of these agreements expire July 31, 2008, and require annual rental payments of \$18,087 each. The other three agreements expire November 30, 2008, and require annual rental payments of \$19,547 each. These agreements all have predetermined extension terms.

Lease commitments, for lease income, for the next five years ending March 31 are as follows:

	<u>General</u>
2008	\$ 606,031
2009	511,216
2010	511,216
2011	511,216
2012	<u>511,216</u>
	<u>\$ 2,650,895</u>

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

VIII. COMMITMENTS (Continued)

C. Lessee Agreements

The Township has entered into a triple net lease agreement with BFD Office Associates, LLC to lease facilities for Adult Day Care Service. The lease term began on February 1, 2006, and will end respectively on April 30, 2012. No rent was due for the first three months followed by monthly rent payments of \$4,300. Rent expense for the year was \$47,300.

The Township has entered into an agreement with Bloomfield Hills Schools to lease facilities for the Greater Bloomfield Senior Association. This lease agreement will end on April 30, 2010, and requires an annual rental payment of \$1.

Lease commitments for the next five years ending March 31 are as follows:

	<u>Senior Services</u>
2008	\$ 51,601
2009	51,601
2010	51,601
2011	51,600
2012	<u>4,300</u>
	<u>\$ 210,703</u>

D. Interfund Lease Agreements

The Cable Television Special Revenue Fund used a Township owned building and automobile. The General Fund is reimbursed for the use. This agreement is cancelable at any time. Rental income related to this agreement was \$115,000 for the year ended March 31, 2007.

The Water and Sewer Fund leases Township owned computer equipment. The General Fund is reimbursed for the use. This agreement is cancelable at any time. Rental expenses related to this agreement were \$6,000 for the year ended March 31, 2007.

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

IX. RETIREMENT PLAN – PENSION TRUST

A. Plan Description

The Township contributes to the Township of Bloomfield Retirement Income Plan (the “Plan”), which is a single-employer defined benefit plan. It is the responsibility of the Township pension employees’ retirement system (PERS) to function as the investment and administrative agent for the Township with respect to the pension plan. A stand-alone financial report of the plan has not been issued. Information shown for the plan is as of January 1, 2007, the date of the plan’s latest actuarial valuation.

Based on state statutes, all full-time employees must be allowed to participate in city or municipal pension plans. However, as a defined contribution plan was created and effective April 1, 2005, new hires are no longer allowed to participate in the defined benefit plan. Under the provision of the Township’s pension plan, pension benefits vest after eight years of full-time employment, except for the Township’s police officers who vest after ten years of service. The plan pays upon retirement a benefit (depending on department) of 2.1 to 3.0% of final yearly earnings multiplied by years of credited service. Maximum benefits vary by department and tenure and range from 80 to 100% of final earnings. Retirement ages also vary by department and range from age 52 to age 55. Employees are also eligible for early retirement at reduced benefits. Retirement plan benefits for some departments are negotiated as part of collective bargaining agreements and may vary pursuant to these agreements.

Membership in the Plan consisted of the following at January 1, 2007, the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	207
Terminated and inactive plan members entitled to but not yet receiving benefits	17
Active plan members	<u>262</u>
Total	<u>486</u>

B. Basis of Accounting

The Plan’s financial statements are prepared using information as of December 31, 2006, which approximates the date of the plan’s latest actuarial report. The plan’s financial statements include contributions received and benefits paid through that date.

C. Method Used to Value Investments

The Plan’s investments are in the general accounts or mutual funds of a life insurance company and are reported at stated market value. Administrative fees are paid from investment earnings.

D. Funding Policy

The obligation to contribute to and maintain the Plan for the Township’s employees was established by Board resolution.

Under provisions of the Plan, Library and Bloomfield Village Police Department employees contribute 5% of their gross earnings to the pension plan. All other employees may contribute between 1% and 3% of their gross earnings to the Plan. In addition, the Township must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements as mandated by the Plan.

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

IX. RETIREMENT PLAN – PENSION TRUST (Continued)

E. Annual Pension Cost

For plan year 2006, the Township's annual pension cost of \$4,005,320 was equal to the Township's required and actual contributions. The required contribution was determined as part of a January 1, 2006, actuarial valuation using the aggregate cost actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return, (b) projected salary increase of 4% per year, (c) cost of living adjustment of 1.00% and (d) estimated expenses of 2% of benefits payable over future years. Assets are invested in the general accounts or mutual funds of an insurance company and are valued at the stated contract value (the sum of contributions plus interest less withdrawals). The aggregate actuarial cost method generally does not identify and separately amortize unfunded actuarial liabilities.

F. Three-Year Trend Information

<u>Year Ended December 31</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
2004	\$3,381,768	100%	-0-
2005	\$3,830,704	100%	-0-
2006	\$4,005,320	100%	-0-

G. Contributions Required and Contributions Made

Total contributions to the pension plan for the plan year beginning January 1, 2006, amounted to \$4,334,430, of which \$4,005,320 and \$329,110 were made by the Township and its employees, respectively. The contributed amounts were actuarially determined as described above and were based on an actuarial valuation as of January 1, 2007. The pension contributions represent funding for normal cost. Contributions made by the Township and its employees represent 25.6% and 2.1%, respectively, on covered payroll of \$15,641,216 for the 2006 calendar year.

Significant actuarial assumptions used to compute pension contribution requirements are the same as those used to determine the standardized measure of the pension obligation.

X. RETIREMENT PLAN – DEFINED CONTRIBUTION PLAN

A. Plan Description

The Charter Township of Bloomfield 401(a) Plan is a defined contribution pension plan established by the Township to provide benefits at retirement for eligible employees. The plan was effective April 1, 2005, for new hires by the Township. At March 31, 2007, there were 17 plan members. A stand-alone financial report of the plan has not been issued.

B. Contributions Required and Contributions Made

The Township may make discretionary contributions of not more than 10% of the total compensation for all active participant plan members except collectively bargained employees. Township contributions for collectively bargained employees will be made in accordance with their respective collective bargaining agreements. Contributions are to be made each December. In December 2006, a contribution in the amount of \$57,825 was made to the plan. During February and March 2007, two employees of the police department made contributions to the plan totaling \$534.

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

XI. DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The plan, available to all Township employees, permits them to defer a portion of their current salary until the employee's termination, retirement, death, or unforeseeable emergency.

As required by GASB 32, this plan's assets are held in a separate trust and thus, are not included in the financial statements of the Township.

XII. OTHER POSTEMPLOYMENT BENEFITS

In addition to the retirement benefits described in Note IX and X, the Township provides health and life insurance to employees who retire after attaining age 55 and who have at least 8 years of service. Retiring police officers are eligible at age 52 after 10 years of service. Some of these benefits are required in accordance with applicable employment contracts. Currently, 160 retirees meet the eligibility requirements. Expenditures for these benefits were approximately \$2,175,511 for the year ended March 31, 2007. The Township's obligation for benefits is limited to the term of the contract with each employee bargaining unit. The Township is obligated for the benefits provided to current retirees for the duration of their retirement. The Township uses the pay-as-you-go method of funding.

XIII. CONTINGENCIES

A. Litigation

The Township is a defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of the management, the outcome of these lawsuits will not have a material adverse effect on the accompanying financial statements and accordingly, no provision for losses has been recorded.

XIV. OTHER INFORMATION

A. Risk Management

The Township is exposed to risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township manages its risk exposures and provides certain employee benefits through a combination of risk management pools, commercial insurance policies and excess coverage policies. Following is a summary of the Township's risk management.

The Township participates with the Michigan Municipal Risk Management Authority (MMRMA), a self-insured association with a membership of approximately 270 Michigan local governmental units, for general and automobile liability, motor vehicle physical damage, judicial tenure defense and property damage coverages. Members include cities, counties, townships and special purpose governments. The MMRMA is organized under the laws of the State of Michigan and is governed by a Board of Directors elected by the membership. The MMRMA provides risk management, claims administration, legal defense and reinsurance services to its members.

The Township makes annual contributions to MMRMA based upon underwriting criteria and guidelines approved by the Board of Directors of MMRMA. Underwriting guidelines may be based upon net operating expenditures, number of employees, size of payroll, size and complexity of operations, loss experience, loss control efforts and any other relevant risk related criteria. These contributions are paid from the Township's General Fund and costs are allocated to the Township's other Funds.

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

XIV. OTHER INFORMATION (Continued)

A. Risk Management (Continued)

Contributions received by MMRMA to pay administrative expenses, excess insurance, stop loss insurance, reinsurance and all other necessary MMRMA obligations are paid into the MMRMA General Fund. The Board of Directors of MMRMA has also established a minimum amount of funds each member must maintain on deposit with MMRMA.

The Member's Funds on Deposit are used to pay losses and allocated loss adjustment costs that fall within the Township's self-insured retention limits along with certain other member specific costs.

Accordingly, the Township records in the General Fund an asset for funds on deposit in the member retention fund of the MMRMA and a liability for incurred claims and allocated claims adjustments not paid as estimated by MMRMA. At March 31, 2007, the balance of the Township's funds payable in the Member Retention Fund of the MMRMA was \$84,977 and the claims incurred and allocated claims adjustment accrued was \$27,047.

The Township's self-insured retention limits must be fully satisfied before the MMRMA will assume any responsibility for payment of losses. The Township participates in MMRMA's Stop Loss Program. The stop loss program limits the self-insured retention limit payments made on behalf of the Township in the MMRMA's fiscal year. The Township's aggregate cash payments for its self-insured retention limited obligations must exceed \$309,000 before the stop loss program will become responsible for making further self-insured retention limit payments on behalf of the Township. The Township's self-insured retention limits are as follows:

<u>Coverage</u>	<u>Self-Insured Retention</u>
Liability	\$150,000
Vehicle Physical Damage \$1,000 Member deductible	\$15,000 per vehicle \$30,000 per occurrence
Property and Crime \$1,000 deductible per occurrence	10% of the next \$100,000
Employee Benefits – Commercial Insurance Provider	
Workers' Compensation – Commercial Insurance Provider	

At March 31, 2007, there were no claims which exceeded insurance coverage for any of the past six fiscal years. The Township had no significant reduction in insurance coverage from previous years.

The Township has an experience-rated group health insurance reserve for the employee health care benefit plan.

The insurance carrier maintains a separate Premium Stabilization Reserve (PSR) in addition to the carrier's insurance reserves funded and maintained pursuant to applicable insurance laws and sound underwriting practice.

The PSR is funded with experience-rated margins from the insurance carrier. Interest earned on the PSR is used to offset the carrier's cost of maintaining the Plan.

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2007

XIV. OTHER INFORMATION (Continued)

A. Risk Management (Continued)

The PSR may be reduced in any policy year for the excess claims paid, reserve adjustments and expenses including (risk charges over) premiums paid, and any premium increases that would otherwise be funded by the Township.

The carrier determines the PSR balance yearly. This balance decreases or increases in value depending on claims paid in comparison to premiums. Any decrease or increase is booked directly to the reserve and has no impact on the Township's financial statements.

Library

The Library is exposed to risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Library's general liability and property damage insurance is included in the Township's plan. Employee benefits and workers' compensation is obtained through commercial insurance providers through the Township.

At March 31, 2007, there were no claims which exceeded insurance coverage for any of the past five fiscal years. The Library had no significant reduction in insurance coverage from previous years.

B. Property Taxes

a. Property taxes are assessed as of December 31 and the resulting property taxes become a lien on December 1 of the following year for the township taxes.

b. The tax levy dates and the budget years are as follows:

<u>Budget Year</u>	<u>Tax Levy Date</u>
County – July 1, 2006 through June 30, 2007	7-1-06
Township – April 1, 2006 through March 31, 2007	12-1-06

c. The 2006 tax levy is summarized as follows:

	<u>Taxable Value</u>	<u>Rate Per \$1,000</u>	<u>Levy</u>
Township			
General	\$ 3,732,884,300	.9961	\$ 3,718,332
Senior services – voted	\$ 3,732,884,300	.2443	911,945
Public safety – voted	\$ 3,732,884,300	6.2382	23,286,515
Roads – voted	\$ 3,732,884,300	.7180	2,680,215
Library-operating – voted perpetual	\$ 3,732,884,300	1.7711	6,611,322
Drain debt service	\$ 3,732,884,300	.1800	671,920
Transportation – voted	\$ 3,732,884,300	.5900	2,202,405
Safety Path – voted	\$ 3,732,884,300	.4846	1,808,959
Total Township		<u>11.2223</u>	<u>\$41,891,613</u>

CHARTER TOWNSHIP OF BLOOMFIELD

NOTES TO FINANCIAL STATEMENTS (CONCLUDED)

March 31, 2007

XIV. OTHER INFORMATION (Continued)

B. Property Taxes (Continued)

	<u>SEV</u>	Rate Per <u>\$1,000</u>	<u>Levy</u>
Special assessments			
Bloomfield Village Association			
Fire	\$ 330,482,380	.2770	\$ 91,544
Police	\$ 330,482,380	<u>1.1540</u>	<u>381,377</u>
Total Bloomfield Village		<u>1.4310</u>	<u>\$ 472,921</u>

- d. In August 2001, the Township entered into an agreement for conditional transfer of property (under Public Act 425 of 1984, as amended) with the City of Birmingham, a Michigan Municipal Corporation. The Act enables two local units of government to conditionally transfer property by agreement for the purpose of economic development. Under the Agreement, the transferred area is considered as being within the corporate limits and jurisdiction of the City of Birmingham for the purposes of real and personal property taxation. During the term of the agreement and any renewals, the City of Birmingham shall annually pay the Township the equivalent of the Township's then-prevailing property tax millage on the taxable value of the transferred area. The Township has a receivable of \$63,623 from the City of Birmingham under this agreement for the year ended March 31, 2007. The Township will disburse \$8,742 to the Library.

XV. CONSTRUCTION IN PROGRESS

On August 8, 2006, voters approved a 25 year general obligation bond proposal that will allow the Township to fund a proposed \$26 million Capital Building project. The project consists of the construction of a new senior center, new public services facility, and a new central fire station to be located at the Township's civic campus and the renovation an existing fire station located elsewhere in the Township. The vote allowed for an estimated simple average annual millage of .3808 mills for the repayment of the bonds. As of the date of this report, the bonds have not been sold and no construction has begun. However, costs to plan and design the project have been incurred and are recorded in the construction fund.

STATISTICAL INFORMATION REQUIRED FOR CONTINUING DISCLOSURE CERTIFICATE
(unaudited - not covered by audit opinion)

CHARTER TOWNSHIP OF BLOOMFIELD

STATISTICAL INFORMATION REQUIRED FOR CONTINUING DISCLOSURE CERTIFICATE

(unaudited - not covered by audit opinion)

March 31, 2007

A. Tax Levies and Collections

<u>YEAR</u>	<u>TAX LEVY</u>	<u>COLLECTIONS TO MARCH 1 OF FOLLOWING YEAR</u>	
2006	\$40,831,652	\$38,659,606	94.68%
2005	40,077,547	38,234,099	95.40%
2004	37,486,906	35,656,378	95.12%
2003	33,797,608	32,140,571	95.10%
2002	23,530,927	22,275,924	94.67%
2001	21,973,351	20,784,593	94.59%
2000	20,275,093	19,263,366	95.01%
1999	18,975,670	18,134,758	95.57%
*1998	17,288,738	16,592,982	95.98%
1997	17,633,632	16,878,656	95.72%
1996	17,728,471	17,029,447	96.06%
1995	16,992,104	16,240,121	95.57%

*Beginning in 1998, the Township Tax Levy no longer includes the Oakland County Public Transportation millage.
Source: Treasurer, Charter Township of Bloomfield

The Township's taxes are due and payable and a lien created upon the assessed property on December 1 each year. Taxes remaining unpaid on the following March 1st are turned over to the County Treasurer for collection. If all real property taxes are not paid by May 1 two years following return to the County Treasurer, the property is sold for taxes.

B. History of Property Valuations*

	<u>State Equalized Valuation</u>	<u>Taxable Value</u>
2007	\$4,696,964,620	\$3,934,123,580
2006	4,499,786,770	3,732,884,300
2005	4,358,891,740	3,531,875,030
2004	4,159,870,180	3,380,624,306
2003	4,005,952,600	3,236,501,438
2002	3,816,576,370	3,115,293,208
2001	3,515,424,250	2,952,304,218
2000	3,235,169,350	2,757,447,208
1999	3,001,661,120	2,646,257,403
1998	2,756,543,150	2,538,783,130
1997	2,575,677,890	2,436,762,470
1996	2,442,271,550	2,344,785,060
1995	2,292,754,670	2,252,388,450

*Beginning in 1995, the Taxable Value and not the State Equalized Value is used to calculate the tax levy.

C. Michigan Property Tax and School Finance Reform

See information provided in Continuing Disclosure Certificates previously filed with National and State of Michigan Municipal Securities Information Repositories regarding this topic.

CHARTER TOWNSHIP OF BLOOMFIELD

STATISTICAL INFORMATION REQUIRED FOR CONTINUING DISCLOSURE CERTIFICATE (CONTINUED)
(unaudited - not covered by audit opinion)
March 31, 2007

D. Tax Rate Limitations

The Township Charter provides tax rate limitations as follows:

<u>Purpose</u>	Rate (Per \$1,000 of State) <u>Equalized Valuation</u>	Maximum <u>Permitted Rate*</u>
General Operating	\$.9961	\$.9961

The Township may levy taxes in excess of the above limitation pursuant to state law for the following purposes:

<u>Purpose</u>	<u>Authority</u>	Rate (per \$1,000 of State) <u>Equalized Valuation</u>
Refuse Collection and Disposal	Act 298, P.A. of Michigan 1917, as amended	\$ 3.00
Police & Fire Pension Requirements	Act 345, P.A. of Michigan 1937, as amended	Amount required to make contribution

In addition, Article IX, Section 6 of the Michigan Constitution of 1963, as amended, permits the levy of millage in excess of the above for:

1. All debt service on tax supported bonds issued prior to December 23, 1978, or tax supported issues, which have been approved by the voters.
2. Operating purposes for a specific period of time provided that said increase is approved by a majority of the qualified electors of the local unit.

*The Michigan Constitution provides for tax rate limitations. See information provided in Continuing Disclosure Certificates previously filed with National and State of Michigan Municipal Securities Information repositories regarding these limitations.

E. Labor Agreements

The Township has three employee bargaining units which have negotiated comprehensive salary, wage, fringe benefits and working conditions contracts with the Township.

The duration of these agreements are as follows:

<u>Employee Group</u>	<u>Number of Employees</u>	<u>Expiration Date of Contract</u>
Firefighters	66	March 31, 2005
Police Employees (Command Officers)	12	March 31, 2010
Police Employees (Patrolmen)	56	March 31, 2010

CHARTER TOWNSHIP OF BLOOMFIELD

STATISTICAL INFORMATION REQUIRED FOR CONTINUING DISCLOSURE CERTIFICATE (CONCLUDED)

(unaudited - not covered by audit opinion)

March 31, 2007

F. General Fund - Fund Balance

The Township's General Fund balance for the last ten years has been as follows:

<u>Fiscal Year Ending</u> <u>March 31</u>	<u>Fund Balance</u>
2007	\$ 6,757,558
2006	4,874,045
2005	3,702,360
2004	3,249,920
2003	3,313,751
2002	2,950,118
2001	6,275,091
2000	8,806,964
1999	11,134,697
1998	11,710,414

Source: Charter Township of Bloomfield audited financial statement

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS March 31, 2007

	Non-major Special Revenue	Non-major Debt Service	Construction Fund	Total Non-major Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 7,562,208	\$ -	\$ 9,924	\$ 7,572,132
Receivables				
Interfund construction advances	66,000	-	-	66,000
Other	281,933	-	-	281,933
Prepaid items	136,658	-	-	136,658
TOTAL ASSETS	<u>\$ 8,046,799</u>	<u>\$ -</u>	<u>\$ 9,924</u>	<u>\$ 8,056,723</u>
LIABILITIES				
Accounts payable	\$ 447,816	\$ -	\$ 14,245	\$ 462,061
Interfund construction payable	-	-	100,000	100,000
Deferred revenue	33,500	-	-	33,500
TOTAL LIABILITIES	481,316	-	114,245	595,561
FUND BALANCES - UNRESERVED				
Undesignated	7,369,781	-	(104,321)	7,265,460
Designated	195,702	-	-	195,702
	<u>7,565,483</u>	<u>-</u>	<u>(104,321)</u>	<u>7,461,162</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,046,799</u>	<u>\$ -</u>	<u>\$ 9,924</u>	<u>\$ 8,056,723</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended March 31, 2007**

	Non-major Special Revenue	Non-major Debt Service	Construction Fund	Total Non-major Governmental Funds
REVENUE				
Property taxes	\$ 3,483,142	\$ -	\$ -	\$ 3,483,142
Charges for services	9,847	-	-	9,847
Licenses, permits and fees	1,860,388	-	-	1,860,388
Investment	4,150	-	-	4,150
Fines and forfeitures	72,782	-	-	72,782
Fees	431,257	-	-	431,257
Grants	427,229	-	-	427,229
Reimbursements	32,538	-	-	32,538
Miscellaneous	240,323	-	-	240,323
TOTAL REVENUE	6,561,656	-	-	6,561,656
EXPENDITURES				
OPERATING				
General government	1,164,144	-	104,321	1,268,465
Public works	47,732	-	-	47,732
Public safety	446,292	-	-	446,292
Community enrichment and development	2,404,802	-	-	2,404,802
Other	2,719	-	-	2,719
DEBT SERVICE				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
CAPITAL OUTLAY	1,990,263	-	-	1,990,263
TOTAL EXPENDITURES	6,055,952	-	104,321	6,160,273
REVENUES OVER (UNDER) EXPENDITURES	505,704	-	(104,321)	401,383
OTHER FINANCING SOURCES (OTHER)				
Transfers in	350,000	-	-	350,000
Transfers out	-	(54,855)	-	(54,855)
TOTAL OTHER FINANCING SOURCES (USES)	350,000	(54,855)	-	295,145
NET CHANGE IN FUND BALANCES	855,704	(54,855)	(104,321)	696,528
FUND BALANCES, beginning of year	6,709,779	54,855	-	6,764,634
FUND BALANCES, end of year	\$ 7,565,483	\$ -	\$ (104,321)	\$ 7,461,162

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
March 31, 2007

	Senior Services	Bloomfield Village Police	Bloomfield Village Fire	Lake Improvement	Improvement & Revolving	Building Department	Drug Law Enforcement	Safety Path	Cable TV	Total
ASSETS										
Cash and cash equivalents	\$ 1,943,119	\$ 387,978	\$ 139,405	\$ 351,941	\$ 140,701	\$ 485,845	\$ 195,702	\$ 2,346,261	\$ 1,571,256	\$ 7,562,208
Receivables										
Interfund construction advances	-	-	-	-	66,000	-	-	-	-	66,000
Other	37,334	-	-	-	-	3,017	-	1,851	239,731	281,933
Prepaid items	-	-	-	-	136,658	-	-	-	-	136,658
TOTAL ASSETS	\$ 1,980,453	\$ 387,978	\$ 139,405	\$ 351,941	\$ 343,359	\$ 488,862	\$ 195,702	\$ 2,348,112	\$ 1,810,987	\$ 8,046,799
LIABILITIES										
Accounts payable	\$ 111,420	\$ 21,524	\$ 1,149	\$ 4,200	\$ 7,578	\$ 149,256	\$ -	\$ 52,525	\$ 100,164	\$ 447,816
Deferred revenue	-	-	-	-	-	-	-	-	33,500	33,500
TOTAL LIABILITIES	111,420	21,524	1,149	4,200	7,578	149,256	-	52,525	133,664	481,316
FUND BALANCES - UNRESERVED										
Undesignated	1,869,033	366,454	138,256	347,741	335,781	339,606	-	2,295,587	1,677,323	7,369,781
Designated	-	-	-	-	-	-	195,702	-	-	195,702
	1,869,033	366,454	138,256	347,741	335,781	339,606	195,702	2,295,587	1,677,323	7,565,483
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,980,453	\$ 387,978	\$ 139,405	\$ 351,941	\$ 343,359	\$ 488,862	\$ 195,702	\$ 2,348,112	\$ 1,810,987	\$ 8,046,799

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
Year Ended March 31, 2007

	Senior Services	Bloomfield Village Police	Bloomfield Village Fire	Lake Improvement	Improvement & Revolving	Building Department	Drug Law Enforcement	Safety Path	Cable TV	Total
REVENUES										
Property taxes	\$ 949,180	\$ 381,372	\$ 91,543	\$ 250,335	\$ -	\$ -	\$ -	\$ 1,810,712	\$ -	\$ 3,483,142
Charges for services	-	-	-	-	-	-	-	-	9,847	9,847
Licenses, permits and fees	-	-	-	-	-	1,250,716	-	-	609,672	1,860,388
Investment	-	-	-	-	4,150	-	-	-	-	4,150
Fines and forfeitures	-	-	-	1,063	-	-	71,719	-	-	72,782
Fees	431,257	-	-	-	-	-	-	-	-	431,257
Grants	-	-	-	-	-	-	-	-	427,229	427,229
Reimbursements	-	353	668	-	-	22,892	-	-	8,625	32,538
Miscellaneous	90,600	547	-	35,060	-	402	1,094	-	112,620	240,323
TOTAL REVENUES	1,471,037	382,272	92,211	286,458	4,150	1,274,010	72,813	1,810,712	1,167,993	6,561,656
EXPENDITURES										
Operating										
General government	-	-	-	-	-	1,164,144	-	-	-	1,164,144
Public works	-	-	-	-	-	-	-	47,732	-	47,732
Public safety	-	344,003	74,330	-	-	-	27,959	-	-	446,292
Community enrichment & development	991,720	-	-	265,248	354,046	-	-	-	793,788	2,404,802
Other	-	-	-	-	2,719	-	-	-	-	2,719
	991,720	344,003	74,330	265,248	356,765	1,164,144	27,959	47,732	793,788	4,065,689
Capital outlay	21,039	2,031	646	-	-	3,027	-	1,939,996	23,524	1,990,263
TOTAL EXPENDITURES	1,012,759	346,034	74,976	265,248	356,765	1,167,171	27,959	1,987,728	817,312	6,055,952
REVENUES OVER (UNDER) EXPENDITURES	458,278	36,238	17,235	21,210	(352,615)	106,839	44,854	(177,016)	350,681	505,704
OTHER FINANCING SOURCES (USES)										
Transfers (out)	-	-	-	-	350,000	-	-	-	-	350,000
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	350,000	-	-	-	-	350,000
NET CHANGE IN FUND BALANCES	458,278	36,238	17,235	21,210	(2,615)	106,839	44,854	(177,016)	350,681	855,704
FUND BALANCES, beginning of year	1,410,755	330,216	121,021	326,531	338,396	232,767	150,848	2,472,603	1,326,642	6,709,779
FUND BALANCES, end of year	\$ 1,869,033	\$ 366,454	\$ 138,256	\$ 347,741	\$ 335,781	\$ 339,606	\$ 195,702	\$ 2,295,587	\$ 1,677,323	\$ 7,565,483

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

BALANCE SHEET
NON-MAJOR DEBT SERVICE FUND
March 31, 2007

	<u>CSO Debt</u>
ASSETS	
Cash and cash equivalents	<u>\$ -</u>
FUND BALANCES	
Reserved for debt service	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR DEBT SERVICE FUND
Year Ended March 31, 2007

	<u>CSO Debt</u>
REVENUES	
Property taxes	\$ -
Other revenue	-
	<hr/>
TOTAL REVENUES	-
EXPENDITURES	
Principal retirement	-
Interest and fiscal charges	-
	<hr/>
TOTAL EXPENDITURES	-
	<hr/>
REVENUES OVER (UNDER) EXPENDITURES	-
OTHER FINANCING SOURCES (USES)	
Transfers out	(54,855)
	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	(54,855)
NET CHANGE IN FUND BALANCE	(54,855)
FUND BALANCE, beginning of year	<hr/> 54,855
FUND BALANCE, end of year	<hr/> \$ - <hr/>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUND Year Ended March 31, 2007

<u>AGENCY</u>	<u>Balance - April 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance - March 31, 2007</u>
ASSETS				
Cash	<u>\$ 2,287,045</u>	<u>\$ -</u>	<u>\$ 112,325</u>	<u>\$ 2,174,720</u>
LIABILITIES				
Employees' compensated absences	\$ 1,532,281	\$ 43,225	\$ -	\$ 1,575,506
Accounts payable & withholdings	3,939	10,537	-	14,476
Deposits & other liabilities				
Escrow deposits	212,972	14,745	-	227,717
Developer deposits	293,516	-	48,590	244,926
Other	<u>244,337</u>	<u>-</u>	<u>132,242</u>	<u>112,095</u>
TOTAL LIABILITIES	<u>\$ 2,287,045</u>	<u>\$ 68,507</u>	<u>\$ 180,832</u>	<u>\$ 2,174,720</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

COMBINING STATEMENT OF NET ASSETS
OTHER EMPLOYEE BENEFIT TRUST FUNDS
March 31, 2007

	<u>Retiree Health Care Fund</u>	<u>Defined Contribution Plan</u>	<u>Total</u>
ASSETS			
Cash	\$ 123,676	\$ -	\$ 123,676
Investments			
Mutual funds	<u>-</u>	<u>66,474</u>	<u>66,474</u>
TOTAL ASSETS	123,676	66,474	190,150
NET ASSETS			
Held in trust for pension benefits	<u>123,676</u>	<u>66,474</u>	<u>190,150</u>
TOTAL NET ASSETS	<u>\$ 123,676</u>	<u>\$ 66,474</u>	<u>\$ 190,150</u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

COMBINING STATEMENT OF CHANGES IN NET ASSETS OTHER EMPLOYEE BENEFIT TRUST FUNDS Year Ended March 31, 2007

	Retiree Health Care Fund	Defined Contribution Plan	Total
ADDITIONS			
Dividend income	\$ -	\$ 2,103	\$ 2,103
Contributions	-	58,359	58,359
Increase (decrease) in fair value	-	(49)	(49)
TOTAL ADDITIONS	-	60,413	60,413
OTHER FINANCING SOURCES			
Transfers in	123,676	-	123,676
TOTAL OTHER FINANCING SOURCES	123,676	-	123,676
CHANGE IN NET ASSETS	123,676	60,413	184,089
NET ASSETS, beginning of year	-	6,061	6,061
NET ASSETS, end of year	<u>\$ 123,676</u>	<u>\$ 66,474</u>	<u>\$ 190,150</u>

The accompanying notes are an integral part of these financial statements.



Certified Public Accountants

A. H. Magnus, Jr., CPA • Thomas D. Carroll, CPA • Kathleen A. Jenkins, CPA • Donna S. Smith, CPA
Jeffrey L. Hauswirth, CPA, CVA • Tammy J. Moncrief, CPA • James M. McAuliffe, CPA

September 21, 2007

Mr. David Payne, Supervisor
and Board of Trustees
Charter Township of Bloomfield, Michigan
County of Oakland, State of Michigan

Dear Ladies and Gentleman:

We have recently completed our audit of the financial statements of the Charter Township of Bloomfield, Michigan, (The "Township") for the year ended March 31, 2007. We would like to thank the Township staff for their assistance throughout the audit. During our audit, we became aware of a matter that we would like to bring to your attention. This letter summarizes our comments and suggestions concerning this matter. This letter does not affect our report dated July 31, 2007, on the financial statements of the Township.

Capital Projects Fund

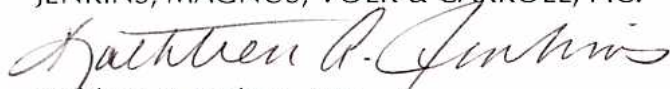
The Construction Fund, a capital projects fund, incurred an accumulated deficit at March 31, 2007. Under PA 140 of 1971, as amended and PA 34 of 2001, as amended, the Township is required to file a corrected Financial Plan with the Department of Treasury. The Construction Fund has incurred start up expenditures, but the bonds to fund the project have not yet been sold. This fund will receive approximately \$26,000,000 in proceeds from the sale of bonds in the fall of 2007.

We have discussed recommendations to improve operation or strengthen controls with various township personnel during the course of the audit.

We will be pleased to discuss them in further detail at your convenience. We appreciate the opportunity to serve you.

Very truly yours,

JENKINS, MAGNUS, VOLK & CARROLL, P.C.


Kathleen A. Jenkins, CPA

KAJ:rs

pc: State of Michigan

Engagement\34-02498\2007 000 March Year End\Financial Statements\Summary Letter to Board